Personalist Property: When do Autocratic Successions Cause FDI Expropriation?

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Abstract

While the impact of democratic constraints on property rights has been extensively studied, the effect of constraints on autocrats remains under-explored. Our research shows that unlike democratic constraints on leaders, leader personalism in autocracies does not increase the likelihood of expropriation of FDI. However, by using plausibly exogenous changes in leadership caused by leaders' terminal illnesses and accidents, we find that the risk of expropriation increases during leadership transitions only in regimes where the outgoing leader is personalist. Our results suggest that the effect of leadership transitions is contingent on the degree of constraints imposed on the departing leader (measured by the predecessor's personalism). Our results are robust to controlling for various factors such as democracy, regime type, ideology, and natural resource rents.

"We are surrounded by one-bullet regimes, and when the regime changes, it doesn't change a little; it can change 180 degrees. There is one exception — the Saudis. They have all those princes, and one can replace another without dramatic changes. They have this principle of the 'shura' — the council of royals who make deliberative, collective decisions. ***So the king may change but policy remains consistent.***" - Anonymous Israeli MFA

1 Introduction

The increase in foreign direct investment (FDI) in the developing world has led to improved access to capital and technology diffusion, resulting in economic growth. However, FDI also requires that investors trust the recipient state's government to honor its commitment not to expropriate the FDI investments. Several recent studies have argued that democratic constraints[1] on executives' degree of power can decrease the rate of expropriation by host governments [North and Weingast, 1989, Esberg and Perlman, 2020, Graham et al., 2018]. For example, Li and Resnick [2003] demonstrate a strong association between democracy and foreign direct investments based on the former's property rights regime.

In this study, we investigate a different set of executive constraints: those between leaders and elite supporters in an authoritarian regime. We use the term "personalism," as defined by Geddes et al. [2018], to refer to the absence of elite-level constraints over the leader. We use "constrained" or "institutionalized autocracy" to refer to low personalism autocracies, but remember that the constraints discussed are within-regime, not between the regime and its subjects. Past studies have found that personalism is associated with greater costs from corruption on investors and investment concentration in the primary sector [Wright and Zhu, 2018]. Moreover, the effect of legislatures on property rights in autocracies varies over the degree of personalism [Wilson and Wright, 2017]. However, neither study has examined the relationship between personalism and expropriation[2].

We present two key findings on the relationship between regime constraints and

[1] Democratic constraints refers to restrictions on the government's use of power through potential sanctions or requirements for justifications. Constraints may come from the people governed, or from other elites such as a parliament or judiciary.

[2] We refer to expropriation as a government action that results in the transfer of assets and is severe enough to cause the investors to withdraw from the state.

expropriation in authoritarian regimes.

First, our results do not support either a positive or negative relationship between personalism and expropriation. Across all linear probability models the effect of a 1 standard deviation increase in personalism is within .02 of the 0 with standard error below .02, suggesting that if there is an effect in either direction it is modest in size. A possible explanation for the modest effect size is that greater leader power has conflicting effects on expropriation. Constrained leaders are responsible to more interest groups who would suffer negative externalities from the loss of FDI due to expropriation. On the other hand, personalist leaders can design the FDI system to capture rents directly and have a longer expected tenure. Violating agreements would reduce the personalist leaders' future income flows from FDI more severely than constrained autocrats who rule briefly and control less. Also, unlike petty corruption, expropriations are too large to occur without the leader's consent.

Second, we find that expropriation increases during leadership transitions following the death or retirement of a personalist leader due to the heightened instability associated with their succession. In autocracies, leadership transitions sometimes lead to severe crises, with around half of authoritarian political parties failing in their first transition year [Meng, 2020]. Power sharing institutions reduce the effect of leader turnover on regime instability by providing alternative ruling systems that can continue to function without the leader [Kendall-Taylor and Frantz, 2016];[Geddes et al., 2018]. Using a fixed effects model, we estimate that expropriation probability increases by 10.8-15.6% during transition years, as compared to non-transition years. We use the terms "succession years", "transition years", and "turnover periods" interchangeably throughout the paper. In our regression tables below we use the word "transition" because it covers the two years following the calendar year of the leader's departure.

Political "instability" can refer to multiple dynamics[3] and affect expropriation risk

[3]A succession crisis induces greater investment in political competition (like hiring violence specialists or demonstrating military power), uncertainty over which groups will be in the coalition in the future, uncertainty about the preferences or types of candidates etc.

through multiple mechanisms. We use case studies to identify three plausible channels.

- Personalist rule is defined by the erosion of collegial mechanisms for rewarding supporters to create a dependence on the dictator. A successor to a personalist regime is likely to lack either their own reputation for paying back supporters or a time-tested credible mechanism for reward, like the ruling group norms that exist within party or military states. As a result, a successor has limited "credit" with their supporters to promise future rewards for support today. Because establishing a new regime requires greater supporter effort than maintaining an existing one, this can create a need for immediate payments to reward supporters. Expropriation can provide immediate revenue or productive assets to distribute to those supporters. Consistent with that mechanism, We document an attempt by Laurent-Desire Kabila to cancel and resell monopoly rights to pay for support in establishing a regime[4].

- Post-personalist successions are likely to create greater changes in the identity of ruling group members. When significant wealth holders lose their political power in the resulting shuffle, their assets are more likely to be seized and reallocated to the newly empowered individuals [**?**]. FDI is often held in joint ventures between multinationals and domestic individuals, and when those individuals are pushed out and the asset is seized the foreign investors may be expropriated as "collateral damage". We document a case in Azerbaijan of a joint venture between a Canadian multinational FONDEL and the brother of Azeri politician Farhad Aliyev. Farhad Aliyev was purged after his patron Heydar Aliyev (no relation) died and was succeeded, and the joint venture was taken and reallocated to a rival of Farhad Aliyev, seizing FONDEL's stake in the process. FONDEL was collateral damage due to the shuffle and lost their political protection when Farhad Aliyev was purged.

[4]Statements from Kabila's financial advisors suggest that the expropriations produced immediate cash which substituted for the political institutionalization strategy described in Meng [2020].

Despite their diversity, each of these mechanisms depends on the particular attributes of personalist regimes. In more institutionalized autocracies, the ability to threaten a coup through greater organization gives the support group policy control, and the regime remains in place over the vast majority of leader deaths [Kendall-Taylor and Frantz, 2016].

We empirically test our theory on a panel dataset covering all major foreign direct investment (FDI) expropriations from 1950 to 2010. To measure personalism, we use a country-year measure from Geddes et al. [2017]. We measure expropriation using a binary event dataset collected by [Kobrin, 1984], [Minor, 1994], [Hajzler, 2012], and [Tomz and Wright, 2008]. Expropriation is defined as the government action of forcibly divesting the foreign asset owner of their assets, and we exclude minor changes in policy against investors' interests (sometimes called creeping expropriations) as they are difficult to define [Kobrin, 1984] and more often relate to regulation in high-rule-of-law democracies [Pelc, 2017].

Because leader turnover and expropriation can be caused by political, economic, and debt crises, a naive regression of expropriation on turnover is biased. To address this, we exploit plausibly random variations in turnover from terminal illnesses[5] and accidents. We include leaders who die in office, retire due to ill health, or die of publicly-known chronic illnesses shortly after departure, as well as those who leave their country to treat their terminal illnesses abroad and die within two calendar years. Our data includes 86 exogenous leader turnovers from 1950 to 2010.

Regressing across all autocracies, we find that turnover increases expropriation risk, but only for personalist predecessors (or leaders who died or retired). In the country fixed effect model, a one standard deviation increase in predecessor's personalism is associated with a 15.4% increase, on average, in probability of expropriation during transition years compared to non-transition years.

[5]There is no reason to believe that cancer or strokes are correlated with plausible determinants of political risk like commodity shocks. Following Jones and Olken [2005], this ensures that "the timing of the transfer from one leader to the next was essentially random" relative to changes in economic and political variables.

This research contributes a practical analysis by providing a large-n analysis of rare political events with heterogeneous effect sizes. It also demonstrates the predictive value of theories of authoritarian politics for policy questions and investment decisions. By using pre-succession factors to determine expropriation likelihood, our model uses observables used by investors while making investment decisions[6]. This is an improvement over alternative empirical specifications which depend on observing post-succession changes, which would come too late to inform investment decisions.

Finally, our paper contributes to a growing literature on the differential behavior of personalist and non-personalist autocracies. Personalist regimes grant more monopolies to foreign investors resulting in FDI being concentrated in the primary sector [Wright and Zhu, 2018]. Legislatures increase property rights and growth in non-personalist autocracies, but not in personalist regimes [Wilson and Wright, 2017]. Jones and Olken [2005] observe a larger effect of leader death on growth in unconstrained autocracies. Coups in personalist regimes are more likely to use violence[Chin et al., 2020] [Grundholm, 2020]. When personalist regimes collapse, they are less likely to become stable democracies [Geddes et al., 2018], but this effect is weaker when personalists create support parties [Frantz and Kendall-Taylor, 2017].

The past work that comes closest to our study is that of Fails [2014]. Fails (2014) constructs a metric of autocrats' "replacement risk" using the number of past turnovers in the country per year. Unlike Fails [2014], we explain variance in the years in which expropriations take place, rather than providing stable estimations of risk. Also, our use of exogenous turnovers reduces the endogeneity problem that arises from turnovers being correlated over time. Our work is also similar to Albertus and Menaldo [2012] who finds that new autocrats are more likely to expropriate land held by private citizens, and that doing so increases their tenure.

The paper proceeds as follows. Section 2 reviews the current literature on the drivers of FDI expropriations. Section **??** explains our hypothesis and includes illustra-

[6]This is also the reason why we exclude leader fixed effects, as successor attributes are observed too late.

tive case studies from Turkmenistan, Congo-Kinshasa and Guinea-Conakry. Section 3 describes the methodology and data sources. We provide empirical results in Section 4, with further robustness checks in Section 5.

2 Literature Review

2.1 Expropriation

Expropriation is a form of political risk in which a host-country seizes a company's assets and does not provide fair compensation. Expropriations may come through nationalizations, breaches of contract that cause the firm to cease operations, the state declining to protect the asset from seizure, or the forced sale of property [Esberg and Perlman, 2020]. In the 1970's a wave of nationalizations in newly independent states occurred, followed by a collapse in expropriations in the 1980s and 90s caused by the exhaustion of seizable capital, low commodity prices, and desire to attract FDI [Kobrin, 1984] [Minor, 1994]. Since the 2000s expropriation levels have risen due to increased FDI in developing countries [Hajzler, 2012], especially in the primary resources sector. These trends are represented graphically in figure 1.

Expropriation carries a significant reputational cost [Esberg and Perlman, 2020], as investors tend to avoid states with a history of expropriation to safeguard their assets. Akhtaruzzaman et al. [2017] find that a "one-standard-deviation reduction in expropriation risk is associated with a 72% increase in FDI", making it larger than any other institutional factor. Additionally, sectors experience slower growth after an expropriation [Duncan, 2006]. To evade these reputational costs, states have developed sophisticated strategies, such as increasing expropriation when they receive investment from multiple origin regions that are unlikely to coordinate [Wellhausen, 2015].

The literature has identified several benefits to expropriation for the host government. Most obviously, expropriations can raise significant revenue by seizing the

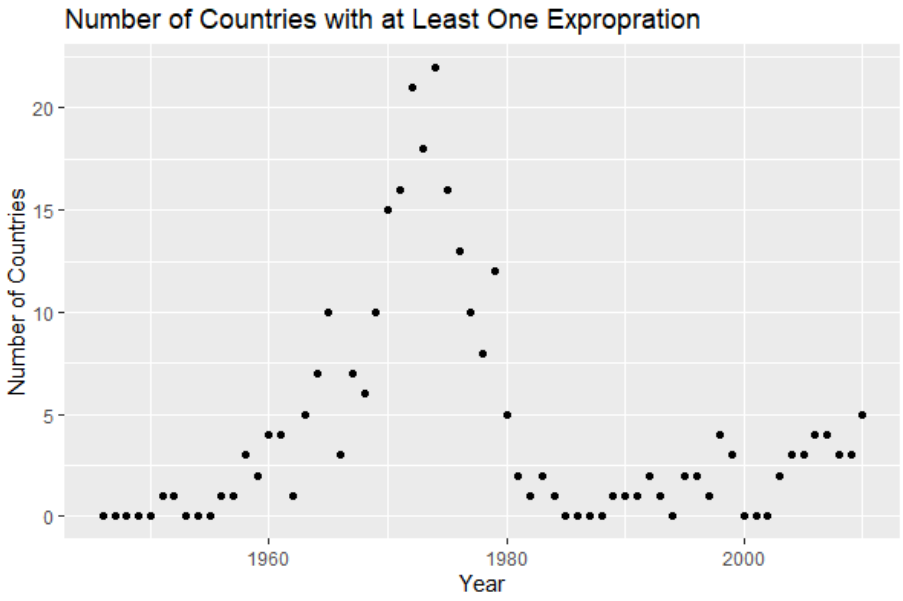

Figure 1: The figure indicates a significant increase in expropriations during the 1970s, followed by a gradual resurgence in the 2000s, coinciding with increased FDI in developing countries. However, the number of countries with expropriation cases per dollar of FDI is lower in the latter period, likely due to reduced FDI stock and stronger constraints from international organizations. Due to the sparse dependent variable and resulting high variance between years, we opted for decade fixed effects rather than year fixed effects.

value produced by the asset through nationalization or excessive taxation. **?** finds that revenue-raising expropriations decrease developing states' cost of borrowing by improving the state's fiscal balance. That revenue can be used to pay government loyalists directly, or the state may force the sale of the asset to government loyalists at low prices as an indirect reward for service [Esberg and Perlman, 2020].

2.2 Personalism

Autocratic rule is based on a repeated exchange of services among specialized elites who contribute repressive capacity, financing, bureaucratic services, and political loyalty, among others [Svolik, 2012];[De Mesquita et al., 2005]. Members of the support

group, who are a smaller portion of the population than in democracies, receive access to rents, privileges, and policy influence in exchange. However, modern autocracies differ widely in how this exchange is organized. Monarchies, party-states, and military regimes all use elite-level institutions to manage succession crises and constrain the head of state.

In contrast, personalist autocracies concentrate power in the hands of a single ruler who uses patronage networks to buy the support of a weaker coalition, with the leader controlling appointments to high office. Personalist autocracies .begin when the leader amasses immense personal power such that supporters can no longer challenge them [Svolik, 2012];[Meng, 2020]. They are defined by the dictator possessing "personal discretion and control over the key levers of power in his political system" [Geddes et al., 2018]: such as the "unfettered ability to appoint, promote, and dismiss high-level officers and officials, and thus to control the agencies, economic enterprises, and armed forces the appointees lead" [Geddes et al., 2018]. A personalist leader still requires supporters, but is able to choose among competing groups who is in or out any time. For example, Saddam Hussein executed ambitious supporters, created a network of informants, and forbade the arms of his military from coordinating with each other [Talmadge, 2013].

In personalist regimes constraining institutions may exist nominally, but do not affect policy choice. Wilson and Wright [2017] show that legislatures affect expropriation risk only in non-personalist regimes. Legislatures increase property rights and growth in non-personalist autocracies, but not in personalist regimes [Wilson and Wright, 2017]. Jones and Olken [2005] observe a larger effect of leader death on growth in unconstrained autocracies. However, their measurement of constraints is less reliable because it measures only de jure institutions. Personalist regimes more often produce "rubber stamp" institutions with de jure constraining powers but no de facto influence [Meng, 2020]. Due to the absence of constraints, a personalist leader's

	Constrained leader (non-personalist)	Unconstrained leader (personalist)
Leader has not died	Contradictory expectations	Low expropriation
Leader died recently	Contradictory expectations	High expropriation

Figure 2: This diagram shows our key empirical predictions. In autocracies with leader-constraining institutions, the death of the leader should not affect expropriation. In autocracies without leader constraining institutions, leader deaths should increase expropriation.

promises of future reward are non-binding. The leader can renege on any promises of future appointments, and we observe more frequent rotation of senior positions in personalist autocracies [Kroeger, 2020].

Personalist autocracies attract more fixed-asset investment, particularly in the primary production sector, despite the higher risk of expropriation and obsolescence [Wright and Zhu, 2018] . Those sectors have higher barriers to entry, which allow foreign investors to extract monopoly rents more easily. The absence of vertical constraints in personalist autocracies allows them to ignore the social costs of these monopolies, while extracting a portion of the rents directly [Wright and Zhu, 2018] (presumably) to maintain patronage networks.

Past results on regime type and property rights suggest that more stable and consensual regimes offer a more attractive environment for FDI. Knutsen and Fjelde [2013] finds that monarchies, characterized by unusually stable regimes with longer time horizons, have much better investor protections and property rights as rated by the Internationa Country Risk Guide, scoring similarly with democracies and well above monarchic and military regimes. ADD MORE STUDIES HERE

Personalism, stability and expropriation

In this section, we introduce the primary arguments that suggest a relationship between personalism and expropriation, which will be empirically validated in Section 4. Figure 2 summarizes our hypothesis; only highly personalist autocracies should see an increase in expropriation as a result of leader death.

The stability of governments over leadership transitions is strongly influenced by personalism, as shown by Kendall-Taylor and Frantz [2016]. Autocracies with strong leader-constraining institutions and collective governance among supporters experience little political instability when a leader dies. For example, single-party and monarchic regimes survive leader deaths in 96% and 95% of cases, respectively. However, in highly personalist regimes where leaders dominate their supporters, leader death leads to greater volatility in support. Personalist regimes are only able to survive leader deaths in 78% of cases.

In non-personalist regimes, natural leader deaths rarely produce severe political crisis because the same institutions that constrain leaders can organize their smooth replacement [Geddes et al., 2018][Kendall-Taylor and Frantz, 2016]. In autocracies, a narrow set of elites have privileged political rights, while most social groups are excluded. Supporters understand that internal fighting over the top job would signal vulnerability and invite attacks from excluded groups. Although they may have preferences over candidates, their preference for staying in power is much greater. Thus, they avoid the prolonged internal debates that are often seen in democratic transitions, as they can invite challenges from excluded groups. Instead, they prefer to quickly coalesce around a new successor and circle the wagons[Kendall-Taylor and Frantz, 2016].

Hypothesis 1. *The transition of a leader increases expropriation risk more in personalist regimes than in non-personalist regimes.*

We propose two specific channels through which post-leader-death instability increases the rate of expropriations, and provide illustrative case studies. Examining expropriations through case studise is challenging because governments have a strong incentive to conceal their motivations and activities [Esberg and Perlman, 2020]. Court records are rarely made public, especially for events before the rise of bilateral investment treaties. Governments often do present public justifications such as insufficient investments by the target firm, but these explanations cannot, in themselves, explain

the temporal pattern of expropriations that we show [7].

2.3 Leadership transitions result in coalition shifts changes.

We expect that personalist successions result in more pronounced shifts in the support coalition, the set of interest groups to whom the leader is beholden. Shuffling who is in and who is out can cause expropriation when the right to own or protect assets is conditional on membership. Property whose owners have been purged are attractive targets for expropriation by insiders of the new support coalition. Foreign multinationals often own ventures jointly with domestic political actors or rely on them for political protection. If ownership of a joint venture is reassigned the foreign owners can become "collateral damage" to the domestic reshuffling, as occurred in the Azerbaijan case below.

Alternatively, newly empowered interest groups may have varying preferences over how to structure the economy and what type of foreign investment to allow. For example the bureaucracy may prefer nationalization because it creates public employment. If such groups are brought into power by a coalition shift, they may demand the successor enact an expropriation.

This argument rests on the claim that successions following a personalists death are more likely to cause changes in the coalition than in collegial autocracies. The theoretical argument for this position is straightforward; when supporters are well organized and can threaten leader removal, they can use that power to enforce the continuation of coalition. Kendall-Taylor and Frantz [2016] gives evidence from case studies that during successions supporters are primarily interested in maintaining their positions by minimizing the duration of the interregnum and selecting a similar successor.

This claim cannot be empirically validated because the academic community lacks

[7] It is possible that governments target only certain firms, such as the most unpopular or unproductive, or use expropriation of one firm to reinforce extortion threats to others. The decision to initiate an expropriation may come from the political motivations were cite, but the choice of which firm to target result from firm-specific attributes.

detailed panel data on autocratic support coalition changes year to year. We do however have data on regime changes, defined as "basic informal and formal rules that determine what interests are represented in the authoritarian leadership group and whether these interests can constrain the dictator. " [**?**] (page 314). Regime change data includes many, but not all, of the total changes of support coalitions in autocracies. Personalist regimes have been shown to collapse more frequently following the death of the leader than other regime types [Kendall-Taylor and Frantz, 2016].

Because regime changes only capture a subset of coalition shifts they cannot fully prove that personalist successions create greater coalition change. For example, when Mao Zedong died a powerful group of hardline supporters called the "Gang of Four" were imprisoned 4 weeks later. Power gradually shifted within the party to a centrist coalition that would reform China's economic policies. Because these shifts occurred within the Chinese Communist Parties basic rules, they did not count as a regime change.

Moreover, personalist leaders greater influence relative to supporters may facilitate a larger gap between the policy enacted and the preference of the median supporter with regard to foreign investment. The personalist is more likely to structure FDI around their pet projects. A "first among equals" must give more consideration to supporter wishes [McGillivray and Smith, 2018]. The death of said leader is likely to empower the supporters (or some subset) to move policy toward their preferences, creating policy shifts that may motivate expropriation.

The effect may be heightened by the type of investment personalist leaders receive. According to Wright and Zhu [2018], personalists compensate investors for weak checks and balances with more generous concessionary prices and monopoly protection, making their contracts less popular and appealing targets for successors.

In 2005, Azerbaijan seized $57 million in investments made by German company Fondel in an aluminum plant. The government's stated reason was Fondel's failure to

invest sufficiently in the plant [Murdova and Abbasov, 2006b]. However, the timing of the expropriation alongside the purge of its negotiator and the family of its Azerbaijani co-owner suggests that it was related to purges following the succession of Ilham Aliyev.

In 2001, President of Azerbaijan Heydar Aliyev appointed Farhad Aliyev as Minister of Economic Development. Farhad Aliyev was a long-time member of the Ruling New Azerbaijan party (no relation to president Heydar Alieyev). During Farhad Aliyev's tenure in office his brother Rafiq Aliyev, president of Azerbaijan's largest oil company, became an owner in a joint venture with Dutch multinational Fondel to take over Azeral, an aluminum mining and refining interest in Azerbaijan.

Following Heydar Aliyev's death in 2003 and succession by his son Ilham, Farhad Aliyev's political position was damaged. A dispute began between a faction lead by Farhad Aliyev and rival oligarchs Heydar Babiyev and Kalmadin Heydarov [Ismayilov, 2005a] , who also controlled Azerbaijani firms. Farhad Aliyev and his faction took a pro-privatization position and publicly accused his rivals of corruption and operating monopolies in the parliament [Ismayilov, 2005b]. In 2005 Ilham Aliyev began isolating Farhad by moving control of privatization out of his ministry [Ismayilov, 2005b]. In October of 2005 Farhad and his brother Rafiq were imprisoned on charges of collaborating with the opposition to remove Ilham. The opposition party in question, the Azadig Alliance, denied the truth of the allegations and called the purge "a culmination of struggle between oligarchs" [Ismayilov, 2005b]. Heydar Babiyev replaced Farhad Aliyev as minister of economic development on October 19, 2005.

Fondel alleges that in October 2005, the same month as Farhad and co-owner Rafik were arrested, the Azerbaijani government began interfering in their operations [Murdova and Abbasov, 2006a]. The state confiscated the company seal, required approval for all internal company decisions and intimidated Fondel employees, the company alleges. In 2006 Fondel launched a suit against the government for violation of the

contract. Fondel's director suggested that the motives behind the expropriation were political, pointing to the arrest of Farhad and Rafik [Murdova and Abbasov, 2006a].

Given that Fondel was expropriated the same month that Farhad and Rafik were imprisoned and when other holdings linked to Farhad Aliyev were being seized one plausible explanation is that Fondel was under Aliyev's protection. When Aliyev was removed from the ruling coalition, Fondel lost their protection and could be targeted.

However, the expropriation may result from different ideological positions on privatization between Farhad Aliyev and his successor Heydar Babayev. Farhad was reportedly more pro-privatization than Babayev, who may have felt the privatization of Azeral no longer worthwhile[Murdova and Abbasov, 2006a]. However, under both explanations, the purge of Farhad Aliyev causes the expropriation.

2.3.1 Expropriation to compensate to new supporters.

The second argument is that expropriation may provide payments for political loyalty, solving a credible commitment problem during transitions. Meng [2020] first proposed a credible commitment problem over the firest years of a new regimes establishment. When a regime is new it requires greater effort from supporters to see off challengers and establish deterrence and control. Once a regime is established, leaders tend to consolidate power at the expense of their supporters over time. As a result, supporters have the most leverage shortly following a transition when a coup is more likely to succeed Fearon [1995], In early periods the leader would like to promise supporters generous and indefinite sinecures, but once the leader consolidates they prefer to revoke those privileges.

Meng [2020] proposes taht a common solution is to create constraining institutions if none exist By allowing supporters to organize, monitor and threaten the leader, they can reduce the leader's future leverage and make a larger payoff credible.

We propose that some inheritors of personalist regimes use expropriation to create

payoffs that substitute for institutionalization. For example, expropriating a major asset and selling it to a new foreign company can provide liquid assets immediately to pay supporters. The loss of reputation with foreign investors will decrease the leader's future payoffs but may be necessary to keep the leader in office.

In 1997, the personalist dictator of the Congo, Mobutu Sese Seko, could no longer hide his prostate cancer. Sensing weakness, his supporters abandoned him, and rebels mobilized. A new rebel coalition formed under Laurent Kabila, Andre Kisase Ngandu and Anselme Masasu Nindaga, with foreign backing [Roessler and Verhoeven, 2019]. Kisase died under suspicious circumstances while marching to the capital; he was most likely killed with Kabila's consent. Once Kabila arrived in office, he declined to establish checks and balances and ruled as his predecessor had. He first betrayed his Rwandan and Ugandan benefactors, leading to a civil war in the eastern Congo. Next Kabila came to distrust his ally Masasu Nindanga, and had him executed. In response, troops recruited by Masasu left the front lines, further deteriorating the war situation [Zajtman and Rabaud, 2011]. Laurent Kabile's repeated purges clearly showed that his supporters could not count on lasting long in office. As a new leader with weak institutions, Kabila could not credibly promise supporters a share future rent, and would have to pay supporters up front.

To fund his wars and patronage networks, Kabila turned to extorting both foreign and international investors. He demanded large up-front payments from investors wishing to enter the market, and then demanded further payments after the contracts were signed [ROESSLER, 2011]. At the same time Kabila expropriated several foreign companies, notably the Congo's sole rail operator, Sizarail. It is possible that the expropriations were intended to threaten other investors into complying with the extortion.

In 2000 Kabila sold a three-year monopoly on diamond exports to an Israeli firm, forcing all other trading firms out of the market. Kabila's investment advisor Nkere Ntanda said of the move "The war was still raging. The equipment had to be paid

for, the soldiers had to be paid. New ways of obtaining funds had to be found and this monopoly was a way of achieving it." [Zajtman and Rabaud, 2011]. Ntanda's comments imply that these cash-generating schemes were intended to pay for the war.

We do not argue that expropriation is a superior alternative to institutionalization, which most successors adopt. Perhaps Laurent Kabila felt his early assassinations prevented future trust with his supporters, or he simply preferred personal rule for idiosyncratic reasons. Expropriation and extortion did not work out for Kabila, as his worsening reputation with investors rapidly decreased demand for his concessions and monopolies. In 2000, the diamond export monopoly was sold for just $20 million [Zajtman and Rabaud, 2011]. A few months later Kabila was killed by his bodyguards, who were paid poorly and irregularly, after much of his army had deserted him [Prunier, 2009]..

3 Research Design

Leader changes in autocracies do not occur randomly. Coups are the most common form of leader removal, triggered by purges, poor economic performance, or changes in the power of social groups. The effect of economic performance on expropriation is well-documented [Jensen et al., 2020]. Newly empowered interest groups may demand expropriation after overthrowing the regime, while civil wars may induce a coup or overthrow, compromising the state's ability to protect property and creating immediate revenue needs (which might call for an expropriation event). To avoid endogeneity, the study focuses on turnover due to natural illnesses, which is best for assessing immediate post-turnover effects.

This strategy was first used by Jones and Olken [2005] to assess leader effects on growth and monetary policy. The methodology sidesteps the leader-strengthening effects of coups. Coming to power in a coup is a strong signal of support for a new leader, resulting in less frequent coups and more frequent purges in the early years of

leader tenure. Leaders that inherit via disease or accident of the previous leader (or predecessor) have no honeymoon period to bias the results. However, the methodology only observes variation in regimes where debilitating illnesses occur, and young, healthy leaders are out of sample.

The effect of leader turnover on expropriation is identified in both personalist and non-personalist predecessor regimes, but this is not sufficient to show that the heterogeneity in effect is caused by personalism. Endogeneity is possible if a third variable such as natural resource rents causes both personalism and vulnerability to turnover. For example, suppose that the presence of natural resource rents increases personalism in autocracies (there is some evidence of this [Fails, 2020]). Suppose also that natural resource rents increase the effect of leader turnover on expropriation, but not through personalism. This would give us a false positive. If resource rents increase personalism and expropriation in all years (and not just during turnover years) it would not bias our results in the country fixed effects specifications.

We show that natural resources do not drive our results by controlling for both rents and the interaction between rents and turnover. A linear fixed effects model is used to control for interactions of death with Polity Score, natural resource rents, and regime type, showing that the predecessor personalism effect is robust.

3.1 Dependent Variable

Our dependent variable is a data set of FDI expropriation events from 1950-2010. It was first compiled by Kobrin [1984], then updated by Minor [1994] and Hajzler [2012]. We added several events identified by Tomz and Wright [2008] and two missing expropriation events in China and Cuba.

Unfortunately, we lack data on the value of the assets or the number of companies in the vast majority of events. In many cases there are no valuations recorded and when valuations are recorded the investors and host state tend to disagree on the asset

value. Therefore, we use a simple binary outcome variable of 1 for any expropriation event, and 0 otherwise. To correct for country-years with no FDI we use both the FDI indicator from Tomz and Wright [2008] and an annual measure of FDI stocks from UNCTAD for years after 1970.

Following Kobrin, we define expropriation as the forced divestment of equity ownership of a foreign direct investor. The investment must entail international managerial control through equity ownership. While many national expropriations enter the dataset through minority foreign shareholders, the majority of national expropriations are not included. We include both formal expropriations (nationalizations) and covert expropriation through private actors, forced sales, and contract re-negotiations [Esberg and Perlman, 2020].

Despite "creeping expropriations", defined as transfer risk in which states gradually alter regulations to capture foreign investments, becoming more common since the 2000s [Graham et al., 2018], we do not include them in our analysis. Since leader deaths in office are rare events, datasets on creeping expropriation do not cover enough country-years to be assessed though our design. Regulatory changes are included only if they were severe enough to drive out foreign firms [Hajzler, 2012].

Our dependent variable may exclude smaller expropriations, especially where investors did not report or take legal action. It is more comprehensive on cases with international legal action. In other words, the dataset mainly concerns large expropriations where the state was eventually caught. Because these expropriations create the highest long-term reputational costs, they should be more affected by shocks to regime time horizons.

We did not use the popular International Country Risk Guide's (ICRG) scores for investor protections due to a lack of data. Exogenous turnovers occur only 86 times in the total sample but only 29 times in years with ICRG data[8]. Moreover, the ICRG scores are risk predictions as against our outcome of interest, which is an actual ex-

[8]For example, the ICRG scores exclude Turkmenistan during our entire sample period.

propriation event. It is for this reason that we do not run our analysis on this outcome measure.

In the following subsections we will discuss the independent variables. We first identified our independent variables based on theory and then tested them in the data.

3.2 Illness-and-Accident-Induced Transitions of Power

Our variable of interest is leaders' departure from office due to terminal or debilitating illnesses, but coding such departures can be difficult due to regimes hiding health information and supporters defecting when they realize death is imminent.

However, an illness may cause departure from office without causing immediate death. When King Fahd suffered a debilitating stroke in 1995, the royal family passed effective power to his son. However, he did not die for another 10 years. In regimes with the least instability upon succession, leaders are more likely to retire due to an illness than die in their boots. When personalist leader Abdelaziz Bouteflika suffered a stroke in 2013 he was so debilitated that he did not visit his ministers for his final year in office. But he did not voluntarily give up power until popular demonstrations forced his hands. Bouteflika was right to cling to power; months after he left office, his former supporters imprisoned his family members to secure themselves and retaliate against him. Because leaders retire more easily when they expect no instability, excluding retirements would bias results upward.

Even worse, leaders flee when their illness creates sufficient instability. When supporters' positions depend on their personal relationships with the leader, a terminal illness dramatically decreases the value of said relationship [Mesquita and Smith, 2018]. A dead leader cannot reward, and an unconstrained successor may change the ruling coalition. As supporters learn about the leader's illness, the returns to loyalty rapidly decrease, and former supporters often cease to support the leader, sometimes going as far as joining the opposition. As a result, chronic, observable illnesses cause a spike

in removals by supporters and challengers, even relative to leaders equally close to death from observable natural causes [Mesquita and Smith, 2018]. Mobuto Sese Seko, Ferdinand Marcos and the Shah of Iran were all abandoned by their supporters during chronic illnesses, fled, and shortly died in exile of chronic illnesses. Unsurprisingly, this effect is larger in strong-leader or personalist autocracies [Mesquita and Smith, 2018].

Therefore, when a terminal illness produces a severe crisis, it tends to be miscoded as a coup or a revolution. We solve this by including all instances in which the leader dies of an *observable* chronic illness immediately after departure. Therefore, we use two datasets for illnesses. We use Mesquita and Smith [2018]'s coding of chronic illnesses faced by autocrats. This dummy variable is positive if the leader died of a long-term terminal illness between their loss of power and the second following December 31^{st}. The coding does not include sudden, unpredictable illnesses. Most cases are a result of cancer. We exclude cases where leaders retired due to debilitating illness but did not die within two years.

We use Archigos' coding of natural deaths and retirement due to ill health [Goemans et al., 2009]. The downside to the Archigos measure is that it follows the official reason for the succession, often coded by the successors themselves. Archigos therefore excludes instances in which supporters observe a terminal illness and abandon their leader. Archigos does re-code retirements as coups when the leader's career continues afterward (autocratic governments sometimes intentionally label coups as retirements to project unity).

Our main coding is the combination of both measures. Effectively, we include leaders who:

- Died of natural causes in their boots (in office)
- Announced a retirement[9] due to ill health and did not have subsequent political

[9]We do not attribute Ahmadou Ahidjo's 1981 retirement from Cameroon to health reasons because Ahidjo's career continued for 7 years afterwards, including two coup attempts.

careers[10]

- Died of observable, chronic illnesses shortly after leaving office.

The variable *Transition Year* includes all successions by both codings. The variable *Transition Year (Arch)* includes only official successions by the Archigos database. The variable *Transition Year (Chronic)* includes only successions in which the leader died from a chronic, observable illness. To capture some variation in the severity of expropriation, we include the two years following a terminal illness. This allows expropriations that last longer to receive a higher weight. We reproduce our main results with these variables in Appendix A.

3.3 Personalism of Departing Leaders or Predecessors

Studies of personalist autocracies have traditionally coded multiple dummy variables dividing autocracies into different types: personalist, military, party, monarchy etc [Geddes, 1999]. We rejected this coding for several reasons. Personalism is a continuous aspect that can be observed across different regime types. Most importantly, handcoding of regime-types might be biased by observed succession crisis as a sign of personalism. Moreover, hand-coding of regime types may be biased by expropriations, with states having weak property rights more likely to be classified as personalist [Knutsen and Fjelde, 2013].

To address these issues, we use a continuous, annual measure of personalism developed by Geddes et al. [2017]. This measure is constructed using item-response theory and 8 dummy variables that are coded for January 1 of each year. These variables capture the balance of power between the leader and supporters and are applicable to all autocracies. For robustness, we also check our results using Gandhi and Sumner [2020]'s coding, which includes family appointments and political non-military purges.

[10] Archigos checked their subsequent careers.

Because this measure uses 8 highly specific observables it is less vulnerable to coder bias.

The personalism score, measured in standard deviations, is not a measure of democracy and does not represent non-elite constraints on the leader or democratic institutions. We highlight that the correlation between personalism and polity score in our sample is low at 0.05. Our main variable of interest is the personalism score of the leader who dies, which we call Predecessor Personalism (*Pred Pers*). This variable is recorded for January 1 of the year the leader left office. A score of 0 represents the average personalism for all country years, with observations having personalism scores of 1 being one standard deviation higher and observations with scores of -1 being one standard deviation lower.

3.4 Control Variables

The presence of foreign investments is a necessary condition to expropriate FDI. Our FDI measure was initially coded by [Tomz and Wright, 2008]. We expanded it by filling in the missing information of years back to 1970, and by adding in the UNCTAD FDI counts available for all countries after 1980. We also checked all the missing years after 1960 and incorporated any observations with FDI presence worth more than $1 million.

To measure gross domestic product (GDP) per capita, we used World Development Indicators data supplemented by the Penn World Tables for missing years by Graham and Tucker [2019]. The variable *Natural Resource Rents* is the total rent percentage of GDP, as gathered by the World Development Indicators. We employed the combined polity score from the *Polity IV Combined Score* to capture democracies, and our measure of regime type duration came from the same Geddes et al. [2017] dataset as the personalism variable.

Table 1 displays descriptive statistics of expropriation in transition years, covering

January 1^{st} of the year after a natural death or health retirement. We discovered 86 such events in autocracies using Archigos data. As expected, transition years showed significantly lower personalism than average because of the new leaders' lack of experience and appointments. Transition years had higher resource rents than the average, which we controlled for in subsequent analysis. Their GDP per capita, polity scores, and years were similar to the average for autocracies in the sample.

Table 1: Autocracy Characteristics by Transition Period

	(1) Transition Years			(2) Non-Transition Years		
	Mean	Median	SD	Mean	Median	SD
Expropriation	0.06	0.00	0.25	0.06	0.00	0.24
Predecessor Personalism	-0.00	0.05	0.85	-0.24	-0.20	0.83
Lag Personalism	-0.24	-0.16	0.82	0.01	0.04	0.87
FDI	0.98	1.00	0.15	0.98	1.00	0.14
Log of GDPPC	23.89	23.74	1.77	23.48	23.31	1.71
Natural Resource Rents	14.83	9.38	15.72	11.39	7.01	12.98
Log of Population	16.19	16.23	1.53	16.04	16.00	1.36
Leader Duration	1.96	1.00	2.14	10.41	8.00	9.15
Polity IV Score	-5.27	-7.00	4.45	-4.96	-7.00	4.45
Observations	170			4421		

4 Results

In this section we empirically test our hypothesis that leader transitions (called *Transition Years*) increase expropriation only in personalist autocracies. The intuition behind this is reflected in the event study plots in Figure 4, which show a sharp increase in expropriations in leadership transition years when the predecessor was highly personalist. Therefore, we expect a positive interaction coefficient for the predecessor's personalism and the transition year, *Transition Year X Pred Pers*.

We test these hypothesis by running a fixed effects regression model specified in

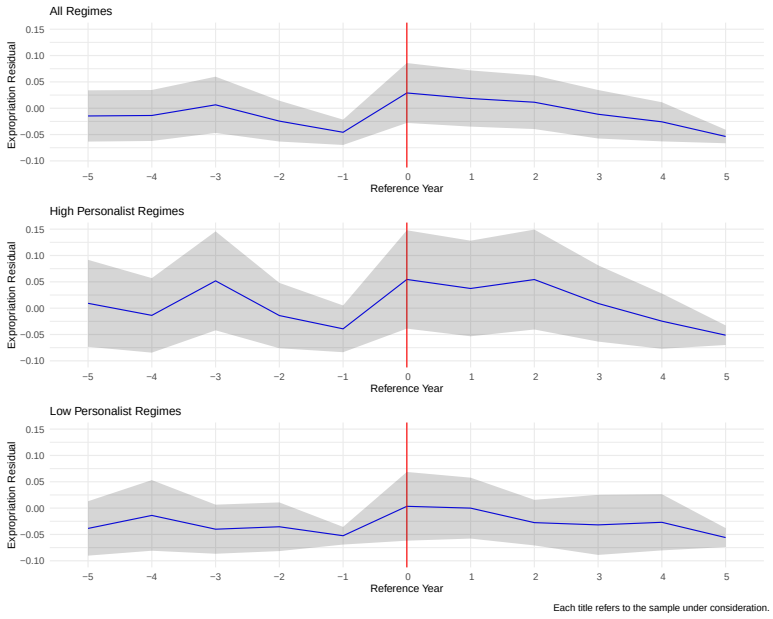

Figure 3: We plot the number of expropriations, adjusted by decade fixed effects, across all regimes before and after the year of turnover (which is labelled as 0 and is represented by the red line). The top plot includes all country-years. The downward trend over time is due to the spike in events in the 1970s and greater enforcement afterward. The second includes only regimes that are more personalist than the average. The final plot plots these residuals for regimes that are less personalist than average.

Equation 1

$$Y_{i,t} = \beta TransitionYear_{i,t} + \gamma PredPers_{i,g(t)} + \delta(TransitionYear_{i,t} \times PredPers_{i,g(t)}) + \mathbb{X}_{i,t}\nu + \alpha_{d(t)} + \mu_i + \epsilon_{i,t} \quad (1)$$

where $Y_{i,t}$ is a dummy for whether or not there was expropriation of FDI in country *i* in year *t*. *g(t)* refers to the Predecessor's personalism in the year before their death. $\mathbb{X}_{i,t}$ is the vector of controls added in the regression specification. We add country and decade fixed effects, which are α and μ, respectively. All models include decade fixed effects to account for large temporal patterns in expropriation[11] [Hajzler, 2012], and *d(t)* refers to the decade corresponding to year *t*. Finally, $\epsilon_{i,t}$ corresponds to the error term. It is important to note that, unless specified otherwise, in all the regressions where country fixed effects are added, we cluster the standard errors at the country level. Table 2 summarizes our findings from a series of fixed effects regression models using Equation 1 and sequentially adding control variables.

For hypothesis 1, our independent variable of interest is *Transition Year X Pred Pers* in the third row, which shows a positive and significant (at 1% level of significance) effect on expropriation. The effect on expropriation of FDI of a one standard deviation increase in predecessor's personalism is, on average, 10.8-15.6% more during transition years as compared to non-transition years.

[11] Expropriation events are concentrated in some years, and therefore decadal FE would allow us to capture this variation better. For example, year fixed effects would drop all observation from 1984 where no expropriations occurred despite a similar international context to 1983 and 1985 (see Figure 1)

Table 2: Treatment Effects on Expropriation

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.029	0.028	0.016	0.034
	(0.021)	(0.025)	(0.025)	(0.031)
Pred Pers	0.001	−0.002	−0.003	0.016
	(0.006)	(0.007)	(0.007)	(0.013)
Transition Year X Pred Pers	0.108***	0.156***	0.152***	0.154**
	(0.025)	(0.030)	(0.030)	(0.066)
Lag Personalism	−0.009	−0.008	0.001	−0.017
	(0.005)	(0.006)	(0.007)	(0.016)
FDI Dummy	0.067**	0.053	0.051	0.056**
	(0.033)	(0.045)	(0.045)	(0.027)
Log of GDPPC		0.006	0.008*	0.034
		(0.004)	(0.004)	(0.027)
Natural Resource Rents		0.001	0.001	−0.0001
		(0.0004)	(0.0004)	(0.001)
Log of Population		0.004	0.004	−0.149***
		(0.004)	(0.004)	(0.054)
Leader Tenure			−0.002***	0.002**
			(0.001)	(0.001)
Polity IV Combined Score			0.002	0.002
			(0.001)	(0.003)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147
Note:				*p<0.1; **p<0.05; ***p<0.01

We confirm the robustness of our results in Appendix A by changing the coding of departures[12] and in Appendix B by correcting for autocorrelation using a Cochrane-

[12]We test the following codings and find that our results remain consistent: restricting transition years to only those that were caused by observable chronic illnesses (the [Mesquita and Smith, 2018] coding), to the inclusion of transitions caused only by leader accidents and retirements (which excludes departures for

Orcutt adjustment.

4.1 Testing for Heterogeneity in Treatment Effects

Our results above may not fully capture the differential impacts of a predecessor's degree of power during transition years, as there may be heterogeneity in expropriation driven by whether or not the predecessor was highly personalist. To account for this, we reproduced the test with a split interaction term following Equation 2.

$$\begin{aligned} Y_{i,t} = \beta_1(TransitionYear_{i,t} \times HighPredPers_{i,g(t)}) \\ + \beta_2(TransitionYear_{i,t} \times LowPredPers_{i,g(t)}) \\ + \delta HighPredPers_{i,g(t)} + \mathbb{X}_{i,t}\nu + \alpha_{d(t)} + \mu_i + \epsilon_{i,t} \end{aligned} \tag{2}$$

In this specification, we replaced the *Pred Pers* variable with a dummy variable, *High Pred Pers*, which is equal to one when *Pred Pers* is above its median value of 0.045 and 0 otherwise. The interaction terms, *Transition Year x High Pred Pers* and *Transition Year x Low Pred Pers*, are dummies for transition years when the predecessor's personalism was high and low, respectively. The other covariates remain unchanged. We chose the median as the threshold for defining high and low predecessor personalism to avoid p-hacking concerns.

Table 3 shows that, in line with our hypothesis, high predecessor personalism during transition years is associated with an increased likelihood of expropriation, while there are no significant effects of low predecessor personalism during transition years.

We also tested alternative cutoff values to identify the threshold at which the effects begin, including 0 (equivalent to splitting our sample at the mean), 0.5 and 1 standard deviations (Table 4). The results show that the effect size increases with higher cutoff values, which supports our interaction term result that higher predecessor personalism is associated with a larger effect of turnover.

medical care), and to the inclusion of only one year since transition in leadership (as opposed to the main specification which allows for up to two years).

Table 3: Heterogenous Treatment Effects on Expropriation

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	0.083^{***}	0.114^{***}	0.098^{***}	0.106
	(0.031)	(0.036)	(0.036)	(0.073)
Transition Year x Low Pred Pers	-0.019	-0.026	-0.037	-0.010
	(0.027)	(0.034)	(0.034)	(0.031)
High Pred Pers	0.011	0.002	-0.002	0.013
	(0.010)	(0.011)	(0.011)	(0.028)
Lag Personalism	-0.008	-0.007	0.003	-0.015
	(0.005)	(0.006)	(0.007)	(0.016)
FDI Dummy	0.070^{**}	0.050	0.050	0.053^{*}
	(0.033)	(0.046)	(0.045)	(0.027)
Log of GDPPC		0.006	0.008^{*}	0.037
		(0.004)	(0.004)	(0.028)
Natural Resource Rents		0.001	0.001	0.0001
		(0.0004)	(0.0004)	(0.001)
Log of Population		0.004	0.004	-0.131^{**}
		(0.004)	(0.004)	(0.056)
Leader Tenure			-0.002^{***}	0.001
			(0.001)	(0.001)
Polity IV Combined Score			0.001	0.001
			(0.001)	(0.003)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147
Note:				*p<0.1; **p<0.05; ***p<0.01

Table 4: Treatment Effects on Expropriation (Different Thresholds)

	Dependent variable:		
	Expropriation (Binary)		
	Split at Mean	Split at .5 sigma	Split at 1 sigma
	(1)	(2)	(3)
Transition Year x High Pred Pers	0.073	0.240**	0.497***
	(0.058)	(0.110)	(0.144)
Transition Year x Low Pred Pers	0.0002	−0.022	−0.025
	(0.040)	(0.023)	(0.020)
High Pred Pers	0.007	0.006	0.013
	(0.027)	(0.027)	(0.045)
Lag Personalism	−0.014	−0.015	−0.015
	(0.016)	(0.016)	(0.017)
FDI Dummy	0.053*	0.053*	0.053*
	(0.027)	(0.027)	(0.027)
Log of GDPPC	0.0001	−0.0001	−0.0002
	(0.001)	(0.001)	(0.001)
Natural Resource Rents	−0.133**	−0.136***	−0.149***
	(0.055)	(0.052)	(0.054)
Log of Population	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)
Leader Tenure	0.001	0.002	0.002
	(0.003)	(0.003)	(0.003)
Polity IV Combined Score	0.039	0.033	0.033
	(0.027)	(0.026)	(0.026)
Decade FE	Yes	Yes	Yes
Country FE	Yes	Yes	Yes
Observations	2,147	2,147	2,147
Note:			*p<0.1; **p<0.05; ***p<0.01

4.2 Does Predecessor Personalism Cause Treatment Effect Heterogeneity Through Alternative Channels?

The previous section indicates that personalist autocracies experience higher levels of expropriation during turnovers. However, personalism may be correlated with other variables that also affect turnover instability. For instance, personalist leaders may appoint people through personal connections rather than merit and incentivize pro-regime effort through personal rewards, increasing the cost of removing the personalist leaders from the political class [Jones and Olken, 2005]; [Svolik, 2012]; [Geddes et al., 2018]. This may create a larger power vacuum when they turnover.

Further, it is also possible that personalism and predecessor's personalism correlate with other variables such as natural resource rents [Fails, 2020]. Resource rents could therefore be a confounding variable, especially if rentier states expropriate more during succession crises. Jensen and Johnston [2011] argue that rentier states may face weaker reputational costs from expropriation and therefore respond more to a succession crisis.

Alternatively, democratic institutions might affect succession crises severity. Autocracies also vary slightly in their democratic institutions [Gandhi and Przeworski, 2007], although variance in de jure parliaments and elections is low [Meng, 2020]. Vertical constraints have a major effect on expropriation in frequency and type [Graham et al., 2018]. Personalism has a a correlation of -0.24 with the polity score. That is, the heterogeneity in effect might be driven by regime type rather than personalism. Monarchies tend to have lower personalism scores while military and single-party states have higher scores by 0.2 standard deviations on average across all country years. Each regime type has different succession mechanisms, most obviously in the case of monarchies.

We test the robustness of the predecessor-personalism-expropriation relationship to these alternative controls in Table 11 in Appendix C. To test for the heterogeneity in treatment effect, we include each variable with its own interaction term. Model 1 adds

an interaction with resource rents. Model 2 adds Polity IV combined Scores. Model 3 adds Wahman et al. [2013]'s coding of regimes by type into monarchy, military, single-party and multi-party. We did not use the [Geddes et al., 2014] Personalism-Military-Party coding to avoid contamination via coding with the dependent variable, expropriation. In Model 4 we include all the interaction terms. As expected, the *Transition Year X Monarch* term is not significant, suggesting that there is a lack of evidence to support this channel.

Our results might alternatively be driven by ideology. One possibility is that because personalist regimes collapse more frequently upon leader deaths, they are replaced by populist left-wing governments. If such governments prefer to expropriate foreign investment, they are likely to enact such a policy in their early years. This is a possible mechanism behind our effect.

Even worse, we could get spurious results if predecessor personalism is correlated with left ideology and if left ideology causes expropriation especially during turnover years. Leftist regimes might expropriate after turnover to enact their policy agenda or to signal their ideological commitment. However, the Pearson correlation between predecessor personalism and leftism in our sample is -0.12[13] (presumably because the soviet communist parties were effective leader-constraining institutions).

We test both mechanisms using political orientation data from Scartascini et al. [2018]. We selected it for its comprehensiveness; it covers 180 countries from 1975 onward. Using this data, we construct *Left Executive* which is a dummy which takes a value of 1 for every country year in which the ruling party is "communist, socialist, social democratic, or left-wing", and 0 otherwise. To mirror our predecessor consolidation variable, the variable *Transition X Left Executive* extends the predecessor's ideology to two years if they experience an exogenous turnover.

Table 12 gives the results of the model. The inclusion of ideology variables makes no substantive difference in the results. Most importantly, *Transition X Left Executive*

[13]The Pearson correlation between personalism and leftism is similar and stands at -0.11.

is not significant suggesting that we lack the evidence to suggest that the successor's ideology could be driving the variation in expropriation during transition years. Moreover, the sign on the coefficient is negative and the magnitude (in absolute terms) of the coefficient is seven times smaller than the coefficient on the interaction variable of predecessor personalism and transition year. This suggests that it is indeed the predecessor's personalism which is increasing the likelihood of expropriation during the transition years.

We considered using the predecessor's ideology instead, however, there is only one case in which ideology changed over an exogenous succession in the entire dataset, rendering the exercise statistically under-powered.

5 Robustness Checks

In addition to the checks mentioned in the previous sections, we include some more robustness checks to validate our results.

5.1 Components of the Personalism Measure

Our primary independent variable is constructed using item response theory to aggregate eight indicators of leader power into a single scalar variable. We selected this index because the use of multiple indicators may provide a more accurate or sensitive measure. We were also concerned about the possibility of coder bias while considering a binary measure of personalsim, because coder's knowledge of property rights could influence the coding of personalism in general. The components of the IRT personalism measure refer to specific institutional variables and should thereby reduce coder bias.

We decided to use all components of the personalism measure because any elite institution could be used to threaten leaders with removal and thereby constraint executives. While our theoretical arguments apply most obviously to the independence of

the party executive committee, in different institutional configurations an independent military or cabinet may also both constrain leaders and threaten successors.

In this section we show similar results if the individual components of the IRT personalism measure are used. The components of the measure come from [Geddes et al., 2017] and are:

- "Does access to high office depend on personal loyalty to the regime leader?" (*officepers*)
- "Did the regime leader create a new support political party after seizing power" ((*creatparty*)
- "Does the regime leader control appointments to the party executive committee?" ((*partyexcom_pers*)
- "Is the party executive committee absent or simply a rubber stamp for the regime leader's decisions" ((*partyrbrstmp*)
- "Does the regime leader personally control the security apparatus?" ((*sectyapp_pers*)
- "Does the regime leader promote officers loyal to himself or from his ethnic, tribal, regional, or partisan group, or are there widespread forced retirement of officers from other groups?" ((*milmerit_pers*)
- "Does the regime leader create paramilitary forces, a president's guard, or new security force loyal to himself?" ((*paramil_pers*)
- "Does the regime leader imprison/kill officers from groups other than his own without a reasonably fair trial?" ((*milnotrial*)

In Table 5 we present a series of regressions in which the predecessor consolidation measure is replaced by each component of the personalism measure. It includes controls for FDI, natural resource rents, log of GDP per capita, and log of population. For

a leader with no autocratic predecessor (i.e. preceded by state foundation, a democrat, or a foreign occupation) we replace each predecessor personalism component with the average value across the entire sample. This prevents the dropping of the first year of leaders from the sample, but does not directly affect the primary variables of interest because the transitions variables includes only autocrat-autocrat transitions.

Our results by component are consistent with our general results. Only two of the eight components are not significant at the 1% level of significance in the individual covariate models: *officepers* and *sectyapp*. This could suggest that the party organization variables are most important to successions, but there is too little variation to make any strong statements.

Table 5: Treatment Effects on Expropriation of Predecessor's Components of Personalism Index

	Dependent variable:								
	Expropriation (Binary)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Transition Year	−0.831	0.135	−0.679	−0.664	−1.249	−0.445	−0.049	−0.255	−3.525**
	(1.054)	(0.466)	(0.752)	(0.752)	(1.042)	(0.758)	(0.797)	(0.644)	(1.616)
Trans x officepers	1.761								−0.135
	(1.144)								(1.485)
Trans x createparty		2.127**							0.905
		(0.998)							(1.404)
Trans x partyexcom			2.164**						0.606
			(0.929)						(2.459)
Trans x partyrbr				2.114**					2.298
				(0.928)					(2.590)
Trans x milmerit					2.628**				3.346**
					(1.142)				(1.610)
Trans x milnotrial						1.499*			−0.189
						(0.908)			(1.303)
Trans x sectyapp							0.749		−0.840
							(0.922)		(1.394)
Trans x paramil								1.485*	1.153
								(0.835)	(1.204)
Observations	2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,677	2,677
Akaike Inf. Crit.	1,137.276	1,136.424	1,129.314	1,130.674	1,132.671	1,132.411	1,138.991	1,136.891	1,136.559

Note: *p<0.1; **p<0.05; ***p<0.01

All regressions include controls for FDI, the log of gdp per capita, natural resource rents, and the log of population

5.2 Alternative Personalism Measure

Gandhi and Sumner [2020] produce an alternative measure of personalism (they prefer to use the term consolidation). The underlying theory for both models (theirs and that of Geddes et al. [2018]) is similar. Both draw heavily from Svolik [2012]'s model of leader-supporter competition and Myerson [2008]'s original courts model. However, Gandhi and Sumner differ from them in their view of monarchies. They consider monarchies to be highly consolidated because relationships to the leader (family) are crucial for appointment. The Geddes et al. [2017] measure tends to place monarchies low in personalism because individual leaders share power across their families in surviving modern monarchies. Because monarchic leaders die of illness more frequently than leaders in other regime types, this could seriously affect our results. Regardless, it is important to include multiple metrics in a new research area to learn which ones have predictive validity.

Tables 13 and 14 in Appendix D replicate the above analysis using the Gandhi and Sumner [2020] measure of personalism. It is pertinent to note that while these results are not directly comparable with our above analysis because the coding of dictatorships in this measure differs from that of Geddes et al. [2017]'s by a slight margin. This implies that the sample of the analysis changes by a small degree. The results must be compared with Tables 15 and 16. We have added a dummy variable for monarchies as an additional explanatory variable in order to account for the differences in coding of monarchies by these two distinct methodologies.

We find that, in contrast to our main model, our interaction term is no more significant. However, despite the differences in the measure for personalism used, the result is strengthened when we consider the heterogeneity driven by the predecessor's degree of personalism (categorized as either above or below the median). The effectiveness of highly personalist predecessors on the likelihood of expropriation increased by 7.9-9.8%, on average, during transition years as compared to non-transition years.

5.3 Missing Observations

Our current analysis relies on list-wise deletion, which is a serious source of bias. The main source of deletion is lack of FDI or GDP data in earlier, poorer country years. The variables GDP, population, and natural resource rents are missing most observations before 1975. Only 19% of country years prior to 1975 have natural resource rents data. Similarly we have observations of FDI presence for 96% of observations after 1975 but only 56% before then, due to the superior UNCTAD dataset. These missing observations are likely to bias the sample toward more developed states and to the more recent period after the expropriation slump of 1980.

Thus, in order to address this we imputed some of the missing values using the Multiple Imputation by Chained Equations (MICE) methodology. Imputing the covariates will mainly affect the results through increased sample size because variations in natural resources and population play a modest role in expropriation.

This process imputes values by substituting them with predictions from on a regression model. The process involves regressing the variable of interest on the other variables. A dependent variable in one regression could become an independent variable in another regression. Thus, it involves an iterative process where a variable's missing observations are filled and then the new imputed vector of values can be used to help predict the missing values of another variable. The iterations also help to improve the prediction of the missing values of any given variable.

Tables 17 and 18 in Appendix E show the results of our regression model once we have imputed the missing values using MICE. With a few minor changes in values, the original results continue to hold with the interaction term indicating that, on average, the effect on expropriation of FDI of a one standard deviation increase in predecessor's personalism is, on average, 6.6-7.2% more during transition years as compared to non-transition years. The effect size, but not significance, is smaller as compared to what we found in our main specification, but it might be driven by the change in sample size.

5.4 Alternative Empirical Specification

Finally, since our outcome variable is binary, it might raise concerns about our modeling specifications. We address this by testing an alternative specification using a logit model. Tables 19 and 20 in Appendix F present the results. These tables highlight that our main results remain robust to a change in specification.

6 Conclusion

This paper finds that terminal illnesses of autocrats are associated with an increased likelihood of expropriation of FDI only in personalist regimes. During transitions, weaker support institutions increase volatility in policy, rent distribution, and external threats. Because personalist regimes have a high concentration of power and lack strong support institutions, they suffer from greater instability and policy volatility during transitions.

We find that a one standard deviation increase in the predecessor's personalism is associated with 10.8-15.6% increase in expropriation of FDI during transition years as compared to non-transition years. Moreover, a look at heterogenous treatment effects suggests that above-median predecessor personalism during the transition year increases the likelihood of expropriation by 8.30 percentage points. We do not find any evidence of a similar relationship between personalism and FDI expropriations for transitions with below-median predecessor personalism.

Our results also have practical implications for allocating foreign investment and pricing insurance contracts. Terminal illness of leaders should not affect pricing in non-personalist regimes, while personalist regimes are less reliable clients than within-leader analyses might suggest.

At the same time, our results point to some under appreciated benefits of personalism. We show that the removal of the leader's control can trigger declines in foreign

investor protections. This finding should not be overstated because our dependent variable picks up only severe declines in property rights, and may miss improvements (e.g. after Mao Zedong's death). But in many cases the death of a pesonalis

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7 Appendix

A Decomposing Chronic Illnesses and Retirements or Accidents

Here we report our main results with alternative codings of exogenous turnovers.

Transition Year (Chronic) is one for all years in which a leader died of a chronic and observable disease while in office or in the subsequent calendar year. It is true for one or for two years after departure. We test this in Table 6. *Transition Year (Arch)* includes leaders who retired due to illness or died in an accident (and is true for up to two years after departure). We test this in Table 7. As a reminder, our main measure is a combination of both these measures because leaders may strategically decide not to retire. Specifically, if they anticipate instability they are more likely to hang on to power late into a severe illness, which (to a large extent) we correct for in our main specification.

Table 6: Treatment Effects on Expropriation (Considering only Chronic Illnesses)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year (Chronic)	0.040	0.008	−0.004	0.018
	(0.027)	(0.032)	(0.033)	(0.038)
Pred Pers	0.001	−0.002	−0.003	0.014
	(0.006)	(0.007)	(0.007)	(0.013)
Transition Year (Chronic) x PredPers	0.192***	0.254***	0.249***	0.240***
	(0.032)	(0.038)	(0.038)	(0.086)
Lag Personalism	−0.009*	−0.009	0.001	−0.018
	(0.005)	(0.006)	(0.007)	(0.016)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 7: Treatment Effects on Expropriation (Using only Retirement Data)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year (Arch)	0.013	0.010	−0.003	0.022
	(0.021)	(0.026)	(0.026)	(0.030)
Pred Pers	0.003	0.001	−0.001	0.020
	(0.006)	(0.007)	(0.007)	(0.014)
Transition Year (Arch) X Pred Pers	0.072***	0.115***	0.110***	0.113
	(0.027)	(0.034)	(0.034)	(0.069)
Lag Personalism	−0.008	−0.008	0.003	−0.015
	(0.005)	(0.006)	(0.007)	(0.016)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

In Table 8 we reproduce the primary result, using only the first year (January 1^{st} - December 31^{st}) after a leader died or retired due to ill health. (This is set against our main model specification where up to two years of transition are considered.)

Table 8: Treatment Effects on Expropriation (Using Archigos Data For One Transition Year)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
(One) Transition Year	0.022	0.018	0.003	0.028
	(0.028)	(0.034)	(0.034)	(0.038)
Pred Pers	0.003	0.001	−0.001	0.019
	(0.006)	(0.007)	(0.007)	(0.013)
(One) Transition Year X Pred Pers	0.126***	0.202***	0.194***	0.200***
	(0.035)	(0.043)	(0.043)	(0.070)
Lag Personalism	−0.009*	−0.009	0.001	−0.018
	(0.005)	(0.006)	(0.007)	(0.016)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

B Cochrane-Orcutt Adjustment for Autocorrelation

Tables 9 and 10 present the main and heterogeneous treatment specifications, respectively, with the Cochrane-Orcutt adjustment to correct for autocorrelation in our model. The results are nearly identical. The effect on expropriation of FDI of a one standard deviation increase in predecessor's personalism is, on average, 10.3-14.7% more during transition years as compared to non-transition years (Table 9).

Table 9: Treatment Effects on Expropriation (Cochrane-Orcutt Adjustment)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.027	0.026	0.015	0.033
	(0.022)	(0.026)	(0.027)	(0.026)
Pred Pers	0.001	−0.001	−0.003	0.015
	(0.007)	(0.008)	(0.008)	(0.011)
Transition Year X Pred Pers	0.103***	0.142***	0.138***	0.147***
	(0.026)	(0.032)	(0.032)	(0.031)
Lag Personalism	−0.010	−0.010	0.0002	−0.018*
	(0.006)	(0.007)	(0.008)	(0.010)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 10: Heterogenous Treatment Effects on Expropriation (Cochrane-Orcutt Adjustment)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	0.095^{***}	0.113^{***}	0.098^{**}	0.105^{***}
	(0.034)	(0.038)	(0.038)	(0.038)
Transition Year x Low Pred Pers	-0.022	-0.031	-0.041	-0.013
	(0.030)	(0.036)	(0.036)	(0.035)
High Pred Pers	0.006	0.002	-0.002	0.012
	(0.012)	(0.013)	(0.013)	(0.019)
Lag Personalism	-0.007	-0.008	0.002	-0.016
	(0.006)	(0.007)	(0.008)	(0.010)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,619	2,150	2,147	2,147

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

C Testing Alternative Channels

In this section we present tables that test alternative channels that may be driving the treatment heterogeneity we find in our results. Section 4.2 explains how these tables help to rule out alternative explanations of our results.

Table 11: Treatment Effects on Expropriation (Multiple Interactions)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.383***	0.036	0.075	0.132
	(0.140)	(0.034)	(0.051)	(0.090)
Pred Pers	−0.001	−0.001	−0.001	0.014
	(0.007)	(0.007)	(0.006)	(0.013)
Transition Year X Pred Pers	0.146***	0.159***	0.178***	0.199***
	(0.031)	(0.031)	(0.030)	(0.057)
Transition Year x Natural Resource rents		0.002		0.002
		(0.005)		(0.011)
Transition Year x Polity IV			−0.039	−0.005
			(0.070)	(0.126)
Transition Year x Monarch			0.053	−0.009
			(0.066)	(0.102)
Transition Year x Military			−0.137**	−0.168
			(0.062)	(0.113)
Transition Year x One Party			−0.065	−0.080
			(0.069)	(0.071)
Transition Year x Multiple Parties			−0.047**	0.054*
			(0.019)	(0.031)
Transition Year x Log GDP			0.007	0.015
			(0.012)	(0.032)
Monarch			−0.032**	−0.022
			(0.015)	(0.028)
Military			−0.026**	−0.044**
			(0.013)	(0.021)
One Party		0.002		0.004
		(0.001)		(0.003)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,150	2,147	2,047	2,044
Note:				*p<0.1; **p<0.05; ***p<0.01

Table 12: Treatment Effects on Expropriation (Including Ideology)

	Dependent variable:	
	Expropriation (Binary)	
	(1)	(2)
Transition Year	0.027	0.020
	(0.025)	(0.027)
Pred Pers	0.004	0.007
	(0.006)	(0.009)
Transition Year X Pred Pers	0.143^{***}	0.133^{**}
	(0.027)	(0.055)
Left Executive	0.011	0.032
	(0.010)	(0.028)
Transition X Left Executive	−0.027	−0.032
	(0.049)	(0.043)
Lag Personalism	0.003	−0.003
	(0.005)	(0.012)
Decade FE	Yes	Yes
Country FE	No	Yes
Observations	1,937	1,937

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

D Alternative Coding for Consolidation

To run our robustness checks, we merged our dataset with the point estimates of Gandhi and Sumner [2020]. Our working dataset contains 4591 observations in total. However, due to some differences in the definition of dictatorships, 8.2% (=377) of the observations do not match with Gandhi and Sumner [2020]'s dataset.

Table 13: Treatment Effects on Expropriation (Using Gandhi-Sumner Measure)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.055**	0.062**	0.052**	0.048
	(0.022)	(0.025)	(0.026)	(0.047)
Pred Pers	0.005	0.003	0.004	−0.048*
	(0.008)	(0.008)	(0.008)	(0.026)
Transition Year X Pred Pers	0.007	0.008	0.005	0.008
	(0.020)	(0.023)	(0.023)	(0.034)
Lag Personalism	0.001	0.002	0.003	0.027
	(0.007)	(0.008)	(0.008)	(0.021)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,021	1,777	1,775	1,775

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 14: Heterogenous Treatment Effects on Expropriation (Using Gandhi-Sumner Measure)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	0.087***	0.098***	0.084***	0.079
	(0.030)	(0.032)	(0.032)	(0.071)
Transition Year x Low Pred Pers	0.018	0.010	0.003	−0.014
	(0.034)	(0.040)	(0.040)	(0.040)
High Pred Pers	0.005	0.0003	0.006	−0.071
	(0.015)	(0.016)	(0.016)	(0.051)
Lag Personalism	0.004	0.003	0.003	0.014
	(0.007)	(0.007)	(0.007)	(0.021)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	1,926	1,777	1,775	1,775

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

In this section we present the results of our main specification and personalism measure on the sub-sample of data that merged with that of Gandhi and Sumner [2020]. This is to be used for comparison with Tables 15 and 16.

Table 15: Treatment Effects on Expropriation (Gandhi Sumner Sample)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.029	0.026	0.015	0.020
	(0.023)	(0.027)	(0.027)	(0.031)
Pred Pers	0.001	0.001	0.00000	0.018
	(0.006)	(0.007)	(0.007)	(0.014)
Transition Year X Pred Pers	0.143^{***}	0.207^{***}	0.204^{***}	0.197^{**}
	(0.029)	(0.035)	(0.035)	(0.082)
Lag Personalism	-0.012^{**}	-0.011^{*}	-0.004	-0.018
	(0.006)	(0.006)	(0.007)	(0.018)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,087	1,819	1,817	1,817

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 16: Heterogenous Treatment Effects on Expropriation (Gandhi Sumner Sample)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	0.101^{***}	0.139^{***}	0.126^{***}	0.101
	(0.034)	(0.038)	(0.038)	(0.088)
Transition Year x Low Pred Pers	-0.005	-0.025	-0.037	-0.025
	(0.034)	(0.036)	(0.037)	(0.029)
High Pred Pers	-0.003	-0.001	-0.004	0.013
	(0.011)	(0.011)	(0.011)	(0.027)
Lag Personalism	-0.008	-0.008	-0.0001	-0.012
	(0.006)	(0.006)	(0.007)	(0.017)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	1,993	1,819	1,817	1,817

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

E Results from Imputation

Table 17: Treatment Effects on Expropriation (Using MICE)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	0.011	0.009	−0.010	0.007
	(0.019)	(0.019)	(0.019)	(0.021)
Pred Pers	0.004	0.002	0.0004	0.003
	(0.005)	(0.005)	(0.005)	(0.007)
Transition Year X Pred Pers	0.070***	0.072***	0.066***	0.069*
	(0.022)	(0.022)	(0.022)	(0.037)
Lag Personalism	−0.003	−0.004	0.007	−0.004
	(0.004)	(0.004)	(0.005)	(0.010)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	4,457	4,457	4,457	4,457

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 18: Heterogenous Treatment Effects on Expropriation (Using MICE)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	0.049*	0.047*	0.026	0.059
	(0.028)	(0.027)	(0.028)	(0.042)
Transition Year x Low Pred Pers	−0.017	−0.023	−0.039	−0.014
	(0.025)	(0.025)	(0.025)	(0.019)
High Pred Pers	0.010	0.008	0.004	0.003
	(0.008)	(0.008)	(0.008)	(0.014)
Lag Personalism	−0.002	−0.004	0.007	−0.008
	(0.004)	(0.004)	(0.005)	(0.009)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	4,457	4,457	4,457	4,457

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

F Alternative Specifications

Tables 19 and 20 give the results from a logistic model. The results are presented in log odds ratios, but the sign and significance are consistent with the above. Note that in model 4 we have not clustered the standard errors at the country level.

Table 19: Treatment Effects on Expropriation (Using Logit Model)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year	−0.300	−0.584	−0.947	0.044
	(0.526)	(0.683)	(0.687)	(0.767)
Pred Pers	0.019	−0.012	−0.036	0.501*
	(0.125)	(0.147)	(0.151)	(0.267)
Transition Year X Pred Pers	2.013***	2.443***	2.210***	1.752**
	(0.533)	(0.617)	(0.614)	(0.743)
Lag Personalism	−0.179	−0.165	0.094	−0.237
	(0.111)	(0.126)	(0.144)	(0.234)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147
Akaike Inf. Crit.	1,038.639	799.898	787.409	770.588

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.

Table 20: Heterogenous Treatment Effects on Expropriation (Using Logit Model)

	Dependent variable:			
	Expropriation (Binary)			
	(1)	(2)	(3)	(4)
Transition Year x High Pred Pers	1.059**	1.420***	0.873*	1.346**
	(0.447)	(0.503)	(0.516)	(0.663)
Transition Year x Low Pred Pers	−0.354	−0.579	−0.930	0.187
	(0.616)	(0.765)	(0.769)	(0.864)
High Pred Pers	0.261	0.118	0.038	0.632
	(0.207)	(0.248)	(0.253)	(0.532)
Lag Personalism	−0.184*	−0.153	0.120	−0.180
	(0.107)	(0.122)	(0.139)	(0.229)
Decade FE	Yes	Yes	Yes	Yes
Country FE	No	No	No	Yes
Observations	2,751	2,150	2,147	2,147
Akaike Inf. Crit.	1,048.865	812.891	798.629	780.529

Notes. Regressions include controls for FDI, Log of GDPPC, Natural resource rent, Log of population, Leader duration, and Polity IV Combined Score. *p<0.1 **p<0.05 ***p<0.01.