

Personalism and the economy^{*}

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Abstract: What are the consequences of a personalist leader for a country's economy? Personalist leaders are often inexperienced, come to power spearheading narrow coalitions, and have shallow—if any—ties with academic, bureaucratic, or business communities, thus enacting policies that are more oriented to the short-term, and that are more often captured by narrow interests than those enacted by leaders whose career is more party-based. As a consequence, when personalist leaders are in power, countries' economic performance should suffer, experiencing lower rates of economic growth, more economic crises, and fewer investments in growth-enhancing public goods. This paper tests whether this is the case. Taking advantage of a novel measure of personalism for all world leaders from 1967 to 2015, it seeks to isolate the economic effects of the personalization of political leadership on a country's economic performance using advanced techniques for causal inference with observational data. I find that, contrary to expectations, the personalization of leadership does not lower the pace of growth around the world. This null result, however, hides a separation between autocracies and democracies. While in democracies the effect is statistically and substantively zero, I show that in autocracies the personalization of leadership increases rates of economic growth by up to 4p.p five years after its onset.

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1 Introduction

As political parties have weakened and fragmented around the globe, personalism—i.e., a political strategy in which politicians rely primarily on their personal resources (money, charisma, expertise, networks) to access public office and govern—has regained attention from scholars and practitioners (Kostadinova and Levitt, 2014; Frantz et al., 2021b). Over the past decade, personalist politicians have come to power in contexts as diverse as Benin (Patrice Talon) and El Salvador (Nayib Bukele), with documented consequences for their countries' democracies (Frantz et al., 2021b; Bizzarro, 2022). Their consequences beyond democracy, though, have remained largely understudied. This paper seeks to fill this gap. Specifically, it asks: What are the economic consequences of personalist leaders?

Literature on the economic consequences of leaders (e.g. Jones and Olken, 2005) and parties (e.g. Bizzarro et al., 2018) suggests that personalist leaders are bad for the economy. These negative expectations are grounded on three main foundations. Firstly, personalist politicians who rely primarily on their resources to reach power are often less experienced. As such, they usually lack familiarity with the complexities of modern government and the economic challenges facing countries around the world. Compounding this effect of personalism is the fact that personalist politicians often have shallow ties with alternative sources of information about economic policy—such as academia, business, and labor associations, or the bureaucracy. Without experience and without any friends who know better, personalist leaders often choose sub-optimal economic policies.

Secondly, personalist politicians often come to power spearheading narrow, informal coalitions—usually not much larger than a group of friends and family members. These coalitions, on the one hand, are often unable to punish leaders for bad performance while in office as they lack the tools and incentives to do so. These coalitions also represent and articulate narrow interests, which skews policy-making in ways that may stifle development as it diverts resources away from growth-enhancing investments in public goods.

Thirdly, personalist politicians' time horizons are, *ex ante*, narrower than the time horizons of

long-lived organizations such as political parties or the military. As a consequence, their policies could be less stable and more oriented towards the short term, which has both direct—through increased wasting of resources—and indirect—through limiting the ability of private actors to make investments in response to government action—effects on economic performance.

Considered together, these foundations suggest that personalist leaders often flip-flop between many, short-term oriented, bad policies, which both limit the efficiency of economic policy and make it harder for businesses and households to make growth-enhancing decisions. As a consequence, societies governed by personalist leaders should observe lower rates of economic growth, experience more economic crises, be less able to make growth-enhancing reforms and investments, and be subject to worse macroeconomic management.

While these predictions stand on solid theoretical grounds, empirical evidence in support of them is scarce. There is evidence that more party-based regimes have better economic performance (Bizzarro et al., 2018), but the drivers of bad economic performance in contexts where parties are weak are largely unknown. Additionally, recent works on personalism (Li and Wright, 2023) have shown its detrimental effects on public goods provision and state capacity, but the explicit link between personalism and macroeconomic outcomes remains elusive.

A core empirical challenge to the study of the economic consequences of personalist leaders is the fact that many of them have come to power on the heels of major economic and political crises (Carreras, 2012). As such, untangling the effects of personalist leaders from pre-existing trends is empirically challenging, thus limiting the potential contribution standard econometric approaches could bring. This paper sidesteps both challenges as it measures personalism globally, separately from, for example, party strength and institutionalization, and employs advanced techniques for causal inference with observational data to study the economic consequences of personalist leaders.

Building on my other work, here I take advantage of a novel measure of personalism that captures the relevant variation among 1302 world leaders who ruled every independent country in the world between 1967 and 2015. This novel measure builds on previously available data, such as the list of world leaders from Archigos (Goemans et al., 2009), and the composition of

cabinets from Nyrup and Bramwell (2020), and original data about world leaders systematically collected from official sources, secondary literature, and other databases. The Appendix describes the process of data collection and the coding and aggregation rules.

Taking advantage of this data, I study the economic effects of the personalization of political leadership, i.e., the economic effects of a transition from a non-personalist to a personalist leader using the nonparametric generalization of the difference-in-differences estimator developed by Imai et al. (2018). Specifically, I employ a two-step approach to isolate the economic effects of personalist leaders from the economic conditions under which they came to power. First, I match countries on a variety of indicators in order to build comparisons in which countries follow parallel trends *before* a new leader comes to power. Then, I take advantage of a modified DiD estimator (Imai and Kim, 2021) to estimate the effects of the personalization of power, i.e., the replacement of a party-based or military-backed leader by a personalist leader, on economic outcomes. With this strategy, I claim, my paper is the first to isolate the effects of electing leaders such as Javier Milei for the economy in countries such as Argentina, from the effects that the previous years of political and economic crises had on these countries' economies.

Much to my surprise, I report results that directly contradict the theoretical expectations outlined above. Specifically, I show, first, that the effects of personalization of political leadership on economic performance are positive but statistically indistinguishable from zero using a global sample of 165 countries. However, I show that these global null results hide a robustly positive effect of personalization on the economic performance of autocracies—among democracies, the effects are substantively and statistically zero. Five years into their terms in office, autocracies governed by personalist leaders grow at a substantively, 4p.p., and statistically significant faster pace than their counterparts where power remained in the hands of non-personalist leaders (partisans or military).

Besides this introduction, the paper has four other sections. Firstly, I introduce my definition and operationalization of personalism. Secondly, I discuss the empirical strategy and provide some description of the variables used. In section 4, I report the results of the main analysis, and a brief

discussion of the results and next steps concludes the paper.

2 Personalism

2.1 Definition

I define *personalism* as a political strategy based on the mobilization of politicians' personal resources. As such, my definition of *personalism* centers on three critical ideas. Personalism ought to be treated as a political strategy, i.e., as a collection of "methods and tools" employed by politicians in the pursuit and exercise of power (for a definition of political strategy, see Weyland, 2017). It is not merely a property of a regime or an organizational configuration to some political parties. Rather, personalism is a "way of doing politics."

Second, personalism differs from other political strategies by the nature of the resources mobilized. For a personalist political strategy, politically relevant resources—those useful to mobilize and reward supporters—are *private*, such as a politician's charisma, expertise, networks, loyalties, or money, or *privatized* sources of such power, such as the unmediated control over state resources or the security apparatus. In this sense, personalism as a strategy relies on politically relevant resources that the politician has personal access to. What matters is that these resources are the politician's and only the politician can access them. They cannot be accessed by anyone else. Examples of politicians pursuing political personalism as a political strategy include the politicians who rely on family members to mobilize personal networks in the Philippines (Hicken et al., 2022) or Zambian politicians who use their own money to fund electoral campaigns (Arriola et al., 2022)

Finally, the unique resources mobilized for a personalist political strategy make the method of personalism to be "politician-centered." It places the person of the politician in the spotlight and makes everything about them. All decisions, from which features to emphasize in a campaign to which allies to choose for a cabinet, are exclusively the politician's. Precisely because personalist politicians rely primarily on resources to which they have personal access, they pay little attention to the goals and opinions of others. They pursue their personal short and long-term goals without

much contestation.¹

This definition, I claim, sheds light on what leaders like Patrice Talon, elected President of Benin in 2016, Mario Monti, Prime Minister of Italy (2011-2012), King Abdullah II of Jordan, and many others have in common. Despite the many differences between their experiences in power and between the regimes they ruled, these leaders captured power and exercised it largely independently from other major political organizations. They are personalist politicians, i.e., politicians who reach power and govern through the mobilization of resources like money or networks that they own and, to which, they have personal access. In other words, instead of relying on organizations such as established political parties or the military, politicians who follow a personalist strategy rely on personal tools, such as their own money, charisma, families, or expertise in their quest for political office.

Conceptualizing personalism in this way creates the preconditions for a more thorough integration of the multiple instances in which it has served as an adjective to some other phenomena under democracy – e.g., "personalist" party (Kostadinova and Levitt, 2014; Frantz et al., 2021b) or the "personal" vote (Cain et al., 2013). In both personalist parties and the personal vote, the politician's resources are the main currency of political exchanges, placing the individual politician at the forefront of any manifestation of personalism. Consequently, we should be able to integrate the study of personalist parties and other variations of personal political strategies on both sides of the regime divide.

This treatment improves our understanding of the concept in important ways. It precisely defines of what *personalism* is a type. As a political strategy, personalism is a particular set of "methods and tools" employed in the pursuit of power. It is the nature and application of these methods and tools that make something personalist, be it a regime, a politician, or a party. In this way, personalism lies not in the worldview espoused by politicians or in the sets of policies they choose. Instead, personalism expresses itself in the resources brought into politics by politicians

¹ Existing definitions of personalism tend to concentrate on the "politician-centeredness" of personalist regimes or parties (Frantz et al., 2021a; Geddes et al., 2018; Loxton and Levitsky, 2018; Kostadinova and Levitt, 2014). My definition incorporates "the domination of the political realm by a single individual" (Frantz et al., 2021a, 96) but expands it to consider personalism as a political strategy in order to make the concept more precise.

who seek to convince voters to vote for them or elites to join their coalitions, and on the bounds of the leaders' authority within these relationships.

Personalism as a political strategy stands in opposition to *organizational* strategies (Pedersen and Rahat, 2021). In these alternatives to personalism, politicians seek and exercise power through resources that they can extract from the organizations to which they belong. Non-personalist politicians may be charismatic, rich, or well-connected, but when seeking power or exercising it, they take advantage of resources produced by well-established organizations.

In democracies, those organizations are usually political parties. Politicians who follow party-based strategies extract resources for their campaigns and governments from their position as leaders of party organizations. When they need to convince voters to support them, party-based politicians embrace party programs and associate themselves with party labels. When they need to enlist activists for door-to-door campaigning or to staff cabinet positions, they reach out to party members or to party-associated organizations such as labor unions or think tanks. When they need to pay for campaign activities, they rely on partisan resources coming from public funding or membership fees. If their linkages with voters are based on clientelism, they mobilize co-partisans in the administration to provide the resources necessary for the political exchange.

In autocracies, where the mechanisms to regulate the access and exercise of power tend to be less developed (Svolik, 2012), a larger set of organizations may be mobilized. The most common organizations from which authoritarian leaders extract resources to access power and exercise rule tend to be parties or the military (Geddes et al., 2014), but some leaders may do so from other sources, such as religious organizations. In these cases, party-based and *military-based* strategies are adopted by leaders who rule from their places within well-established hierarchies.

2.2 Measurement

Above, I define personalism as a political strategy employed by politicians in their quest to access and exercise political power. Politicians who follow a personalist political strategy rely on “personal resources”—their charisma, expertise, money, network, or any other politically relevant resource

that belongs to them individually. Personalism as a political strategy, thus, stands in opposition to *organizational* strategies. In these alternatives to personalism, politicians seek and exercise power through resources that they can extract from the organizations they belong to. Non-personalist politicians may be charismatic, rich, or well-connected, but when seeking power or exercising it, they take advantage of resources produced by well-established organizations.

Consequently, to identify personalist leaders, I argue that we need to measure the degree to which world leaders approximate an ideal-typical political strategy that relies on non-organizational resources to reach and exercise power. High values in a “personalism index” would indicate politicians who dispense with previously available organizational resources and concentrate on reaching and exercising power outside of pre-existing organizations and institutions. Conversely, low levels of personalism would indicate that a world leader’s pathway to power was highly associated with organizations and institutions such as parties or the military, from which the leader could extract the organizational resources necessary to reach power and exercise it.

I introduce a novel measure of personalism that captures the relevant variation among 1302 world leaders who ruled every independent country in the world between 1967 and 2015. This novel measure builds on previously available data, such as the list of world leaders from Archigos (Goemans et al., 2009), and the composition of cabinets from Nyrup and Bramwell (2020), and original data about world leaders systematically collected from official sources, secondary literature, and other databases. The Appendix describes the process of data collection and the coding and aggregation rules.

As a summary, consider that the personalism index here presented has three main sub-dimensions. Firstly, it concentrates on the political strategy that leaders pursue before coming to power by looking at the length of politicians’ careers, whether they served in junior or senior elected and cabinet positions prior to coming to power, and their history of affiliation with their political parties, if any, thus distinguishing leaders who run as independents from leaders who joined their parties immediately before coming to power—those who “jump the queue” straight into power—and from leaders who pursued a party-based strategy spending many years inside parties from which

they eventually extracted the resources that propelled these leaders to power. For leaders with a military background, the index considers whether leaders were senior or junior officers prior to coming to power as a way to mimic the career path of party-based politicians. Junior officers who “jump the queue” are more personalist than senior officers who take power after a military coup, I claim. Second, the index takes into consideration the characteristics of the organizations that leaders were associated with before coming to power. Specifically, I consider information about the age of parties and the degree of personalization of the party organization, using data from the V-Party project (Lindberg et al., 2022) (see appendix for more details). Leaders who create parties as vehicles for their political enterprises—information that (Frantz et al., 2021b) use as a proxy of personalism in democracy—tend to score high on personalism because of these considerations. Third, I include information about the degree to which leaders rely on organizational networks to staff cabinets by calculating the share of partisans and military officials in cabinets using data from (Nyrup and Bramwell, 2020) Scores on these different subdimensions are aggregated using factor analysis.

Compared to existing measures of personalism, my measure promotes two critical innovations. First, it measures personalism for every world leader since 1967, even those who are not highly personalist. In this sense, it expands on similar measures such as the one proposed by Geddes et al. (2018) which automatically attributes a value of 0 to the level of personalism of non-personalist leaders. Second, it consistently measures levels of personalism for both democracies and autocracies. Existing measures, on the contrary, are limited to separate regime types (e.g. Geddes et al., 2018; Frantz et al., 2021b). My approach, thus, not only allows for new comparisons between different expressions of the same phenomenon, but it is also not artificially limited by the dichotomization of regime types. The latter point is particularly salient in the post-Cold War period, in which hybrid regimes have become more common (Levitsky and Way, 2010) and countries have slid back and forth in their levels of democracy.

In my personalism index, levels of personalism vary (theoretically) from 0 to 1 (see distribution in Figure 1. The leaders that score the highest on it (more personalist) are monarchs such

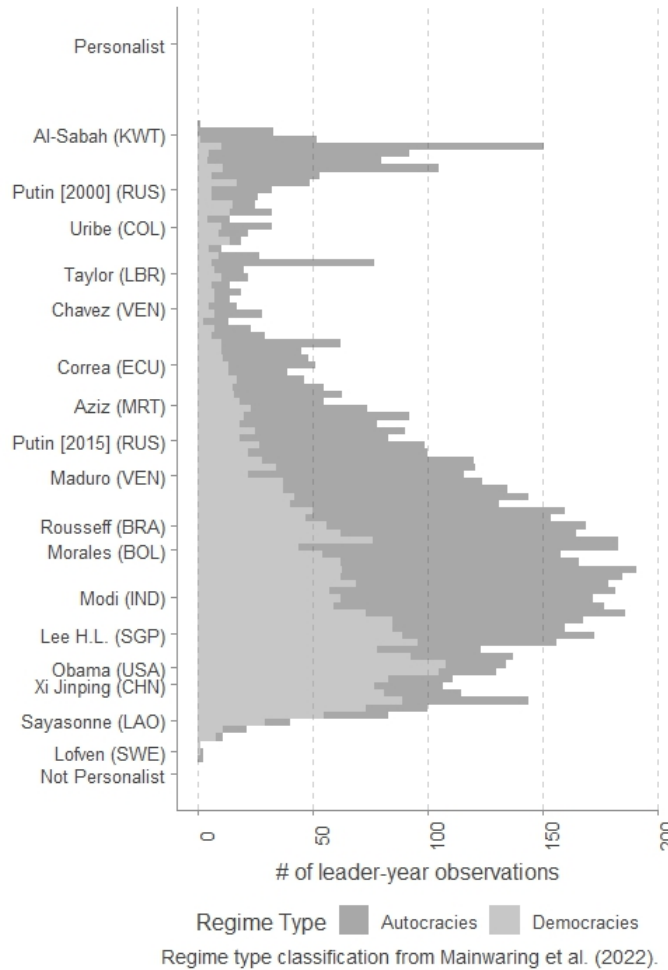


Fig. 1: Distribution of Personalism scores in democracies and autocracies.

as Abdullah II from Jordan (score of 0.863 in 2015), personalist dictators such as Alexander Lukashenko from Belarus (0.851 in 2015), and former democratic President of Benin T. Boni Yayi (0.816 in 2015), all of whom came to power and governed in strongly personalistic ways—Abdullah II is a monarch who inherited his positions from his father, Lukashenko ran for office as an independent and has resisted the emergence of a ruling party in Belarus since then (Charnysh and Kulakevich, 2016), and Boni Yayi, was a banker with no prior political engagement who run as an independent for a surprising electoral victory. On the lower end of the distribution, we find leaders of military regimes where the military as an institution ruled, such as Argentina—Jorge Videla, the first military President of Argentina during the country’s last dictatorship, scores 0.080 in 1977—, leaders of strong party-based regimes— such as Deng Xiaoping, from China, who scores 0.057

in his last year in office (1996)–, or democratic leaders from party-based democracies such as Sweden–Stefan Lofven scores 0.028 in 2015, for example. In common, leaders with low scores on the personalist scale are career members of parties and armed forces, who govern their countries as representatives of these institutions more than anything else.

The median value of the distribution of scores among authoritarian leaders is 0.364, which is the score close to the scores attributed to Hosni Mubarak, who governed Egypt from 1982 until 2010 as the main leader of the military-backed authoritarian regime toppled during the Arab Spring. Among leaders who rule over democracies, the median score is lower, 0.244, which is similar to scores given to young leaders who quickly rise through the ranks within party-based democracies such as Pierre Trudeau from Canada, or leaders who govern backed by relatively young parties, such as Portuguese prime-ministers in the 1990s.

In line with findings from other scholars (Frantz et al., 2021b), my measure indicates that levels of personalism are higher in recent years than in the mid-20th century (Figure 2). This upward trend gained momentum after the fall of Communist regimes, which were often replaced by democracies led by personalist leaders (as suggested in the data in the right panel of Figure 2),² and again in the early 2000s. By 2010, one in every five countries coded (34 out of 164) was governed by highly personalist leaders.

3 Empirical strategy

One of the main threats to causal inference with longitudinal data is captured by the widely-known requirement of “parallel trends” between treated and non-treated units (Angrist, 2008). According to this requirement, it is critical for the isolation of the causal effect of a treatment that outcomes prior to administration of treatment be similar across the two treatment conditions. If observations under different conditions do not follow parallel trends prior to treatment, the estimation of treatment effects is compromised, since it becomes impossible to isolate treatment effects from pre-treatment trends already present in the treated units.

² As described below, a leader is considered personalist if they score 0.6 or higher in the personalism index.

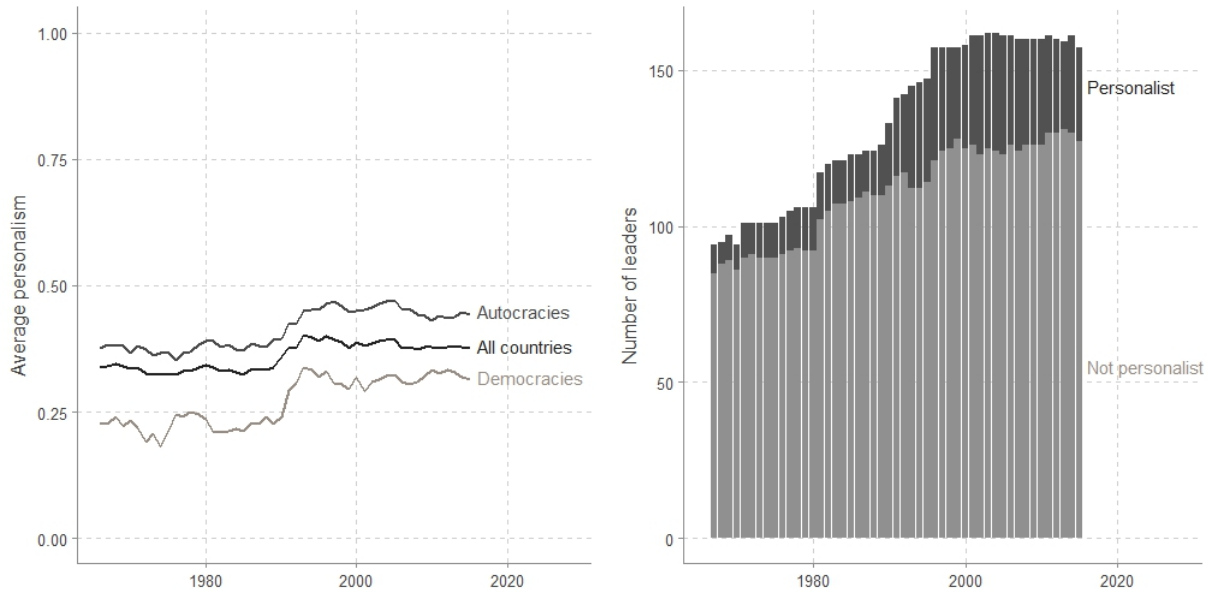


Fig. 2: Evolution of personalism over years. Left panel: Average level of personalism of world leaders, per year. Right panel: Number of Personalist and Non-personalist leaders, per year

In concrete terms, it is critical for the estimation of the economic effects of the personalization of political leadership that scholars compare cases in countries followed similar trends prior to personalization. If countries that experience personalization were also those performing worse (economically) prior to personalization, for example, observing lower rates of economic growth after a personalist leader comes to power is not enough to conclude that those outcomes were “caused” by the new leader.

This is a particularly salient threat in this context because there is evidence that past economic performance predicts *both* the personalization of leadership (Carreras, 2012) and future economic performance. If these arguments are jointly correct, it could become impossible to distinguish the effects of personalization from economic dynamics that caused *both* personalization and future economic performance.

To circumvent this problem and robustly isolate the effect of personalism on regimes, I employ a matching-augmented Differences-in-Differences strategy (Imai et al., 2018; Imai and Kim, 2021). This approach has three steps. First, it matches treated observations to sets of untreated observations that share the same treatment history (up to some pre-specified number of years).

Second, the strategy refines the matched sets by adjusting them for other confounders, such as past outcomes and covariates. I employ a robust weighting-based refinement method that attributes weights to the units in the control set. To calculate these weights, the algorithm first uses covariates and past outcomes to estimate a propensity score, i.e., a measure of the probability of treatment in light of the covariates for each unit. Next, it weights the observations in the control set according to how similar their individual propensity scores were to the propensity score estimated for the treated unit.

Finally, I employ a Differences-in-Differences estimator (Angrist, 2008; Imai and Kim, 2021) (in fact, a modified, weighted, two-way fixed effects model) to compare the observed outcome for a treated unit to the counterfactual outcome estimated using the weighted average of its control units. I calculate the average effect across all treated units to estimate my quantity of interest the *Average Treatment Effect among the Treated* (ATT).

In other words, I first match a country c_i where power was personalized at time t to countries c_{-i} which a) experienced no personalization at t (untreated) and b) experienced the same sequence of leadership (personalist or non-personalist) as country c_i in the 5 previous years. I concentrate on the previous five years for the main analysis because 5 is the typical length of a mandate for a leader, thus including in the matching algorithm the dynamics observed in a period equivalent to the “previous government”.

Second, I estimate how likely it was for country c_i (treated unit) and countries c_{-i} (control set) to experience the personalization of national power in light of covariates and past outcomes. Then, I use this estimated propensity score to refine the matched sets, giving more weight to countries in the set that were more similar to the country c_i in terms of past outcomes and covariates (see below). Finally, I compare the outcome in the countries a personalist leader came to power to the outcomes in this weighted set of countries in which they did not. The average difference between the treated units and the weighted average of the control sets is the quantity of interest, the ATT, presented in the results below.

3.1 Treatment: the personalization of national leadership

To identify when a country is *treated* with a personalist leader I follow two steps. First, I take advantage of the slightly bimodal distribution of the data (see Figure 1) to separate between personalist and non-personalist leaders by dichotomizing my measure of personalism at the through point between the two modes (which happens around 0.6). Leaders who score 0.6 or above are coded as personalists, and leaders who score less than 0.6 are coded as non-personalist.³ Then, I code a treatment variable *personalization* which takes the value of 1 when a personalist leader succeeds a non-personalist leader, remaining at 1 until a non-personalist leader comes back to power. Countries that never experienced *personalization* are the countries where no personalist leader ever governed it (such as Sweden or China) or where only personalist leaders governed them (e.g. Kuwait). Figure 3 shows the treatment history of cases in which personalization happens at least once.

In summary, in the analysis below, the treatment condition is *personalization* of national power, i.e., the entry of a personalist leader who succeeds a non-personalist leader. Countries remain treated, i.e., remain under personalized leadership, until the ascension of a non-personalist leader. Once a non-personalist leader comes to power, countries return to the control condition.

In the dataset, there are 488 country-year observations in which countries were under personalized leadership, i.e., the treatment condition (6.2% of observations). Of these, 282 country-year observations are coded as autocratic by Mainwaring et al., and 206 are coded as democratic.⁴ These 488 observations are divided among 57 episodes of personalization, i.e., changes from a non-personalist to a personalist leader, with the average length of each episode being of 8.5 years.

³ While dichotomizing my continuous measure of personalism “wastes” most of the rich variation in the index, I am forced to proceed in this way because algorithms to estimate Differences-in-Differences with continuous treatments are still in their infancy. Consequently, I am forced to choose between improving causal identification and improving variation in the treatment condition. I chose the former.

⁴ This is not the same number as the number of country-year observations in which personalist leaders are in power, which is 1115 in total.

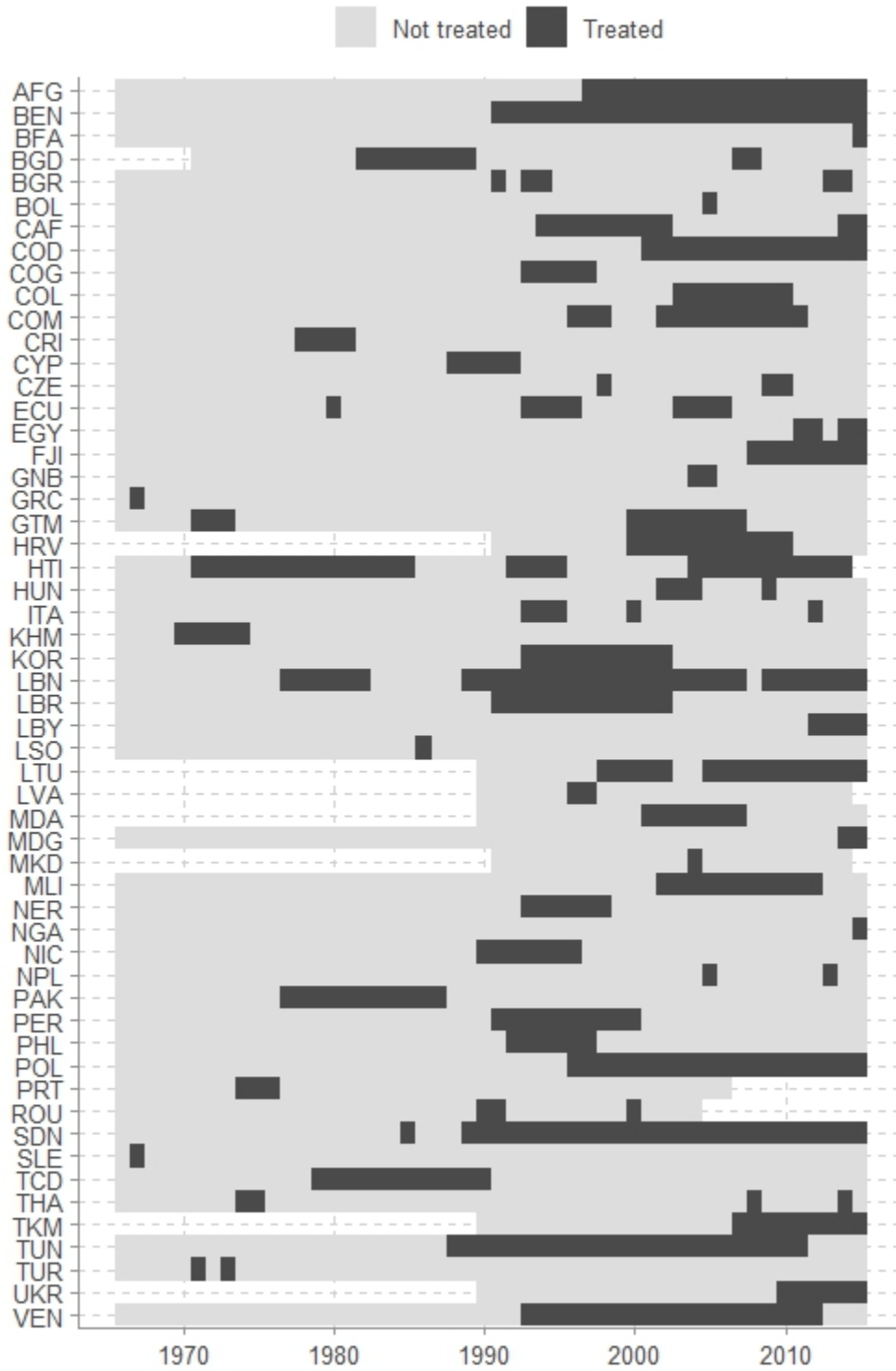


Fig. 3: Treatment history in countries that experience personalization at least once

3.2 Outcome

In this version of the paper, I concentrate on rates of GDP per capita growth as the main outcome variable. Data on GDP come from the World Bank.

On average, rates of GDP growth are similar across countries regardless of the degree of personalization of their leaders (Figure 4). Following the strategy in Blinder and Watson (2016), I visualize general trends by plotting the average growth under personalist leaders “demeaned” from the average growth in their countries (*Minus country average*) and from the global average growth in the same year (*Minus year average*). Overall null effects, however, are the result of the combination of a positive average among autocracies with a negative average among democracies.

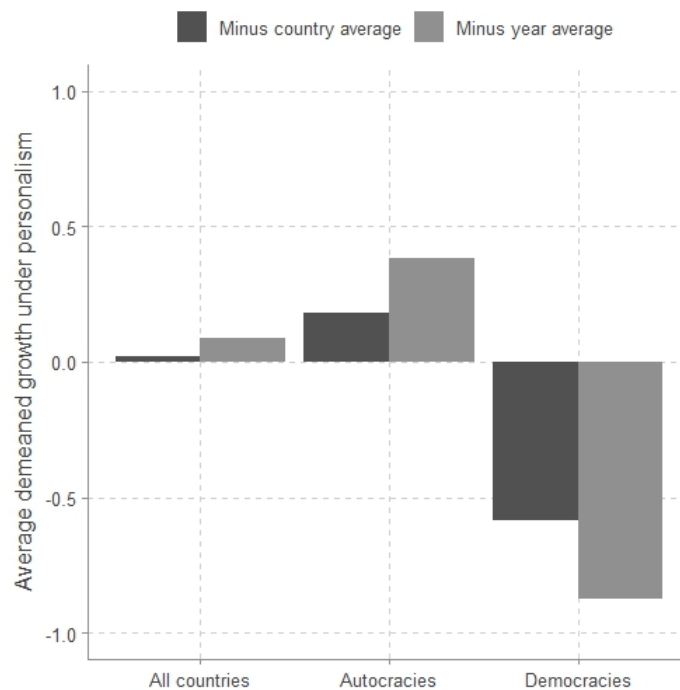


Fig. 4: Treatment history in countries that experience personalization at least once

3.3 Covariates

I start with a simple list of covariates inspired by the empirical strategy in Funke et al. (2023). Firstly, I include levels of GDP per capita using data from the World Bank. I also include a measure of state capacity using data from V-Dem (Coppedge et al., 2023). Specifically, I include V-Dem’s

measure of states' "fiscal capacity", which measures the complexity of states' taxation institutions. While these measures of state capacity and economic development are correlated ($r = 0.441$), they tap into distinct country characteristics. I also include a measure of the quality of institutions by adding V-Dem's liberal democracy index as a covariate.

3.4 Matching

Before I present the results of the analyses, I take advantage of this section to evaluate and summarize the matching-augmented strategy adopted in the paper. As a recap, the strategy has two matching steps. First, matched sets are built based on the treatment history for treated and control units in the 5 years prior to the onset of treatment. Because 5 years is a relatively short time and personalization is rather rare, most cases of personalization were preceded by years of non-personalized leadership, thus creating substantially large matched sets—of the 55 episodes of personalization, 39 are matched to at least 100 other similar time spans (Figure 5). Five countries find only one or two matches for them, a function of them experiencing more than one episode of personalization in a five-year period.

Then, each control unit within the matched sets is weighted in light of the similarity between the robustly estimated propensity scores for them and the treated unit. To illustrate, Figure 6 shows the weights attributed to the 25 control units most similar to Colombia in 2003, when the country was treated with a personalist leader—Alvaro Uribe, a political outsider who ran an anti-establishment campaign under the label of a new party and who ended the longstanding domination of leaders from Colombia's traditional parties.

The goal of adopting this empirical strategy was to maximize the comparability between treated and control units with respect to observed confounders, which could predict both the personalization of politics and economic performance. To evaluate whether this was achieved, I plot the standardized mean difference of each covariate between treated observations and control observations in the matched set in Figure 7. If treated and control observations were very different from each other, this standardized mean difference would be large. If it is small, it suggests

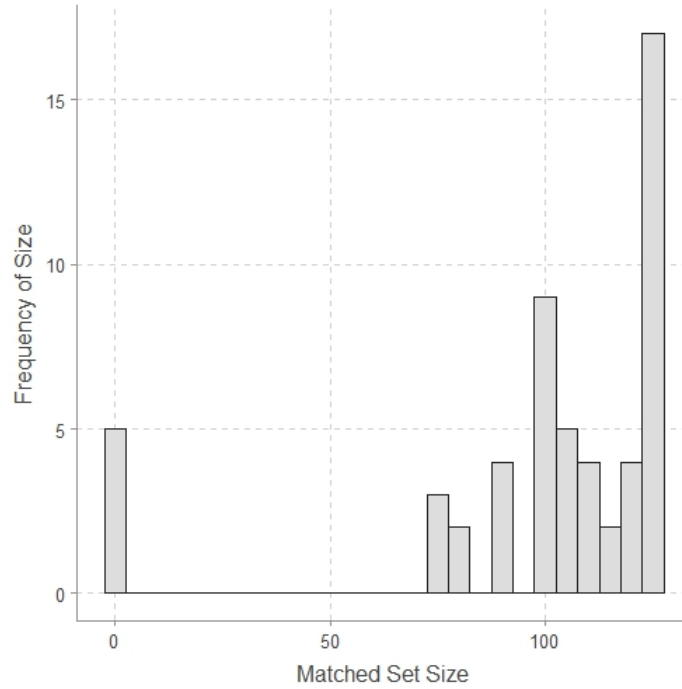


Fig. 5: Size of matched sets

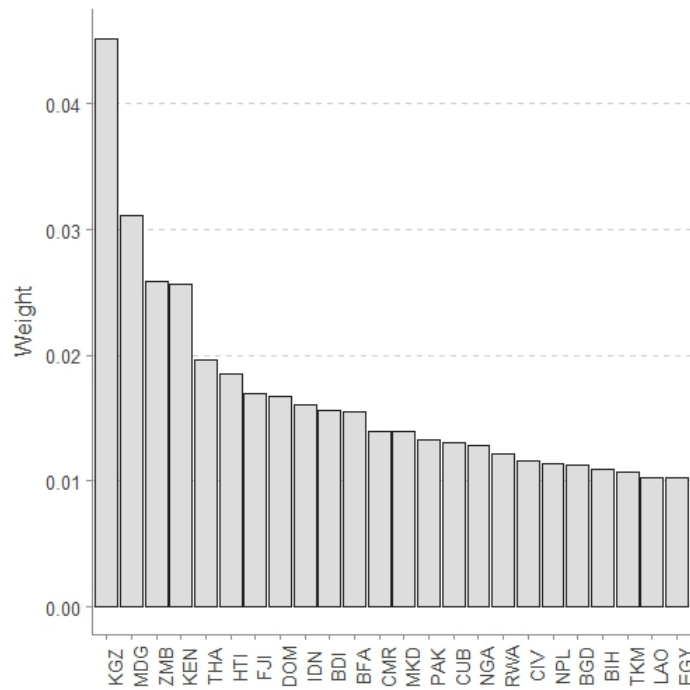


Fig. 6: Countries within the matched set for Colombia 2003 with larger weights

that observations under the different treatment conditions are similar with respect to observed confounders. Results show a narrow standardized mean difference between treated and control

units with respect to observed covariates (less narrow for GDP per capita though, suggesting that treated units were often poorer than control units).

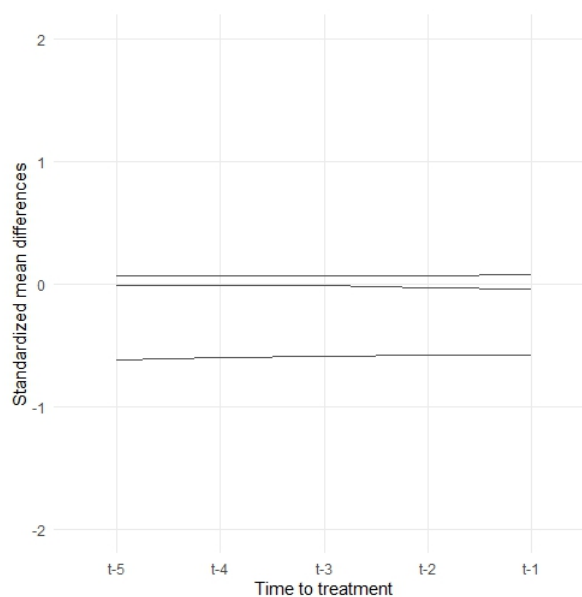


Fig. 7: Covariate balance between treated and control units prior to treatment

4 Results

In this section, I report the results of the main analyses conducted for the paper. Unless otherwise noted, coefficients in this section should be interpreted as the average treatment effect among the treated units, i.e., the change in the growth rate in countries that experience the personalization of its national leadership compared to the growth rate observed in countries that did not observe the same change.

Overall, results show that personalist leaders are associated with generally higher rates of growth, but the difference between countries that experienced personalization to control units that didn't experience it is not statistically different from zero (Figure 8).

These statistically null results, hide important within regimes differences (Figure 9). While the effects of personalization are null in the beginning, personalist leaders improve the growth of autocracies in the middle term (3-5 years). By year 5, rates of economic growth are on average

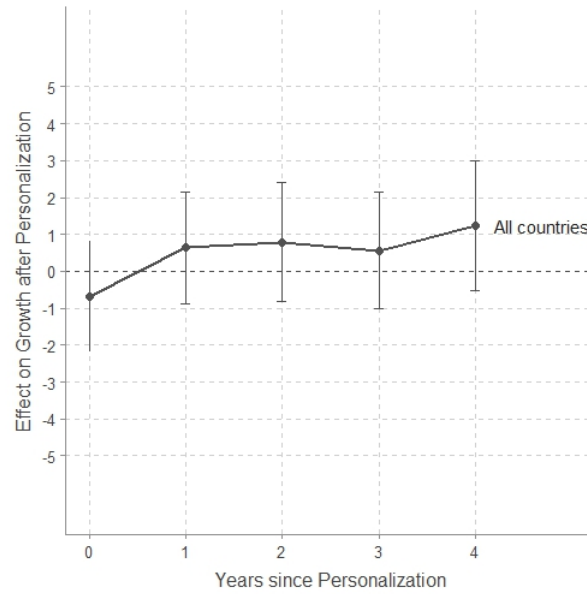


Fig. 8: Effect of personalization on Growth rate, all countries

4p.p. higher in autocracies that experienced personalization than in autocracies where party-based or personalist leaders remained in power. In democracies, the effect is statistically and substantively zero: personalization does not seem to change the course of democracies' economies.

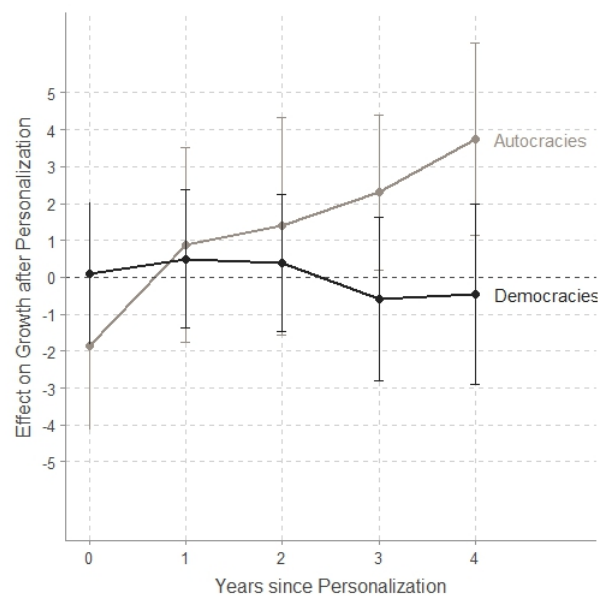


Fig. 9: Effect of personalization on Growth rate, by regime type

The superior performance of personalist leaders in autocracies is robust to different empirical strategies. Firstly, as shown above (Figure 4), growth rates under personalist autocrats are higher

Tab. 1: Results of Event Study, Growth rates 5 years after personalization

	(1)	(2)	(3)
Personalization (5y)	0.429 (0.379)	0.539+ (0.297)	0.968* (0.475)
Interaction w/ Democracy			-0.791 (0.593)
Num.Obs.	5811	5063	5063
R2 Adj.	0.126	0.160	0.160
FE	X	X	X
Controls		X	X

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

than the demeaned growth of their countries under non-personalist leaders. Another piece of evidence is a simple plotting of average growth rates after personalization under each regime type for a longer time length (Figure 10). If instead, I run an event study of rates of growth 5 years after personalization, I find positive and statistically distinct from zero effects among autocracies (Table 1).

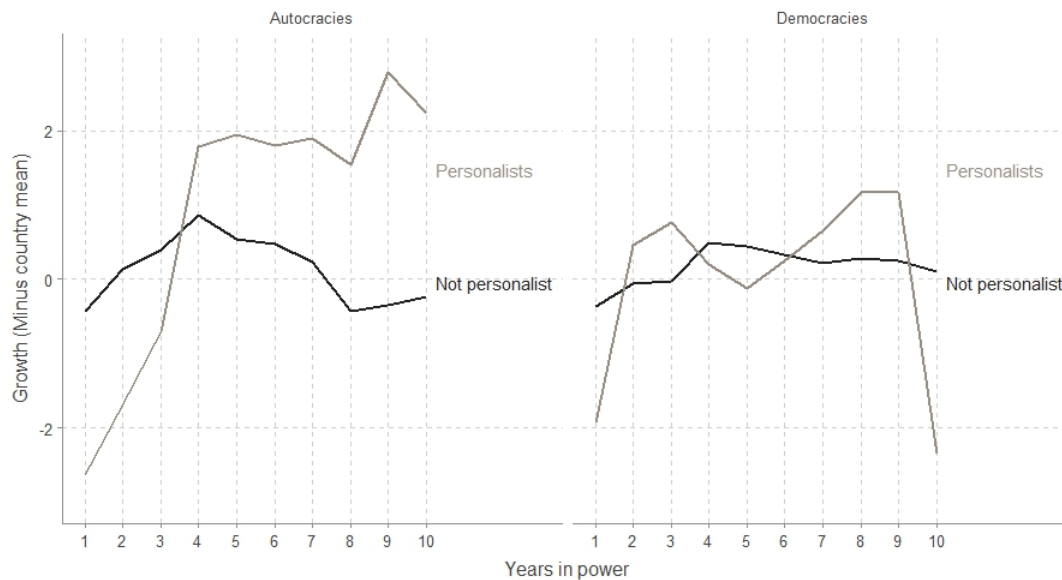


Fig. 10: Effect of personalization on Growth rate, by regime type

5 Discussion and next steps

Contrary to the theoretical expectations outlined in the introduction, this paper finds that personalist leaders do not harm their countries' economies. Overall their effects are null, while in autocracies they cause an increase in growth rates: autocracies grow faster (GDP per capita growth rates are up to 4p.p. higher) after the personalization of political leadership.

Why would personalist leaders promote growth? One possibility is that the weaker constraints on personalist leaders allow them to promote growth-enhancing reforms in contexts in which partisan or military leaders are embedded into organizational and social networks where vested interests are represented. If this were the case, personalism is Janus-faced: it may expose countries to threats when personalist leaders seek, for example, to weaken democracy or to promote destructive economic policies, but it may allow for transformations when partisan and military elites are in close connection with rent-extracting groups.

One illustrative case of this pattern is Turkmenistan, where the ascension of Gurbanguly Berdimuhamedow to power in 2006 is coded as a case of personalization. Figure 11 shows (smoothed) growth rates in Turkmenistan prior to and after Berdimuhamedow came to power. Rates of growth are consistently higher after 2006 than before. Scholarly work on the country suggests that Berdimuhamedow did break with many of the policies of the past, promoting economic reforms that opened up Turkmenistan's economy, potentially improving its economic performance.

If this is the case, why would such a positive effect operate exclusively under autocracy? I hypothesize this is due to the fact that, in democracies, elections force party-based politicians into correcting wrong-headed policies faster than in autocracies (Iversen and Soskice, 2019). As such, growth-enhancing policies are adopted even without the removal of ruling parties from office, thus muting the effects of personalization. If this is the case, leaders' characteristics matter less in democracies than autocracies (Jones and Olken, 2005).

Another possibility, potentially useful to explain the null results among democracies, is that not every personalist politician coded as such in my sample is an incompetent newcomer. Many



Fig. 11: Smoothed growth rates in Turkmenistan before and after personalization in 2006

are technocrats who ascend to positions of prime-minister during care-taker governments in countries such as Italy. These “good” personalist leaders—whose main political resource is their expertise—could be compensating for the poor performance of their more incompetent counterparts.

In the next steps of this paper, I seek to explore these and other avenues to understand the economic effects of personalist leaders. I anticipate going in four directions. Firstly, I intend to perform several additional robustness tests to confirm these initial findings. Secondly, I seek to expand the outcomes studied beyond rates of economic growth, turning the focus towards issues such as growth volatility and other economic outcomes (e.g., debt, FDI intake, public investment). Third, I intend to make the adoption of market-oriented reforms as the outcome of interest. Many personalist leaders in my sample came to power in the 1990s and 2000s and were tasked with implementing structural reforms. Did they go further than party-based and or military-based leaders in implementing these reforms, as my hypothesis above suggests? Finally, I intend to delve deeper into cases to study some of the success stories of personalist leaders while in power and how their success in the economic realm may have been instrumental in the erosion of democracy which, I have found, follows from personalists coming to power.

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6 Appendix

[INCOMPLETE]

Observing how much leaders rely on personal resources is a complex task. On one hand, the myriad of non-organizational resources that leaders can mobilize is extensive and they easily substitute for each other. Some politicians, like Silvio Berlusconi from Italy or Patrice Talon from Benin, reach power largely through the mobilization of their personal fortunes and connections. Others, like Alberto Fujimori from Peru, run cheap, largely amateurish political campaigns, instead appealing more to their charisma or claims about their expertise to find support from voters. In autocracies where voters are not asked to weigh in on who the ruler is, some leaders may

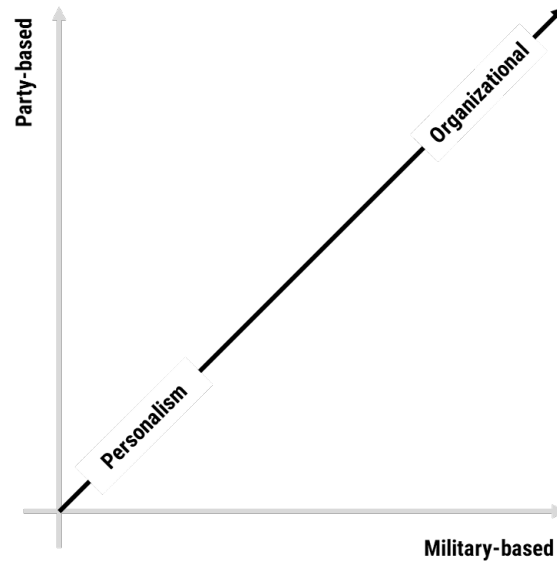


Fig. 12: Personalism and other strategies: a scheme.

still mobilize supporters and claim legitimacy for ruling based on the same non-organizational appeals. Antonio Salazar from Portugal, for example, consolidated his power over the failing First Portuguese Republic largely by emphasizing his unique abilities to manage the economy. In power, he preserved a similar strategy, building cabinets of experts with thin connections to the ruling party and keeping a safe distance from Portugal's armed forces.

On the other hand, creating valid indicators of these tactics is difficult because many are subjective or hard to record and keep track of. While we may observe academic titles, fortune sizes, or special accomplishments that may serve as the bases for many successful leaders, these markers are only very imperfect proxies for the broader political strategy that I call personalism.

Consequently, instead of trying to measure personalism directly, I measure the degree to which politicians pursue organizational political strategies and treat as personalists those politicians who do not pursue such strategies. In this sense, I *assume that the strategy space discussed in the previous section exhausts the strategies that politicians may pursue* when seeking and exercising power in autocracies and democracies (Figure 12). The assumption is that if we can measure the degree to which politicians follow organizational strategies, anyone who does not follow these strategies is following a personalist political strategy.

This assumption helps with the advancement of a valid, observable set of indicators because political strategies based on organizations generally leave a paper trail behind them. Organizations have names, buildings, rules, offices, colors, slogans, and many other characteristics that make them easier to observe than the obscure personal networks and connections that propel personalist politicians to power. If someone runs for President of a country as the leader of an institutionalized party, for example, we can know many characteristics of such a party, as well as important information about the relationship between the leader and their party. If, instead, this same person runs as an independent, learning things about the resources mobilized to win votes would be much harder.

6.1 Index structure

This basic set of assumptions guides data collection and the construction of a latent score of personalism for every world leader in power in 170 independent countries since 1966. For a list of country leaders, I take advantage of Nyrup and Bramwell's (2020) dataset, who digitized information on chiefs of states and cabinets available from the CIA's Chiefs of States and Cabinet Members of Foreign Governments directory published since the mid-1960s.⁵

Following the framework discussed in the previous section, I concentrate on two alternative political strategies that are easier to observe directly than personalism: *party-based* political strategies and *military-based* political strategies. I combine information about leaders' affiliation with organizations, some characteristics of these organizations, and the role that other members of these organizations have when leaders are in power, claiming that such information gives insights about the "tools and methods" employed by leaders in the pursuit and exercise of power. Table 2 introduces these indicators.

In particular, the indicators covering the leader's path to power (whether they had been

⁵ There are 1282 individual leaders in their dataset. I include 1308 of such leaders in my dataset. I exclude leaders from countries not coded as independent according to Gleditsch and Ward's 1999 coding scheme of independent states. Additionally, there are ten country-year observations in which two individuals are identified as the leader of the country in Nyrup and Bramwell's dataset. To adjudicate which of these two leaders is the *de facto* leader of the country, I rely on data from Archigos (Goemans et al., 2009)

Party-based		
Ever-elected	Indicates whether the leader held a national-level elected office before coming to power. 1. Yes. 0. No.	Original data
Ever-other	Indicates whether the leader has been appointed to a cabinet-level office before coming to power. 1. Yes. 0. No	Original data
Senior	Indicates whether the highest level office to which the leader was elected/appointed was a senior level office. 1. Yes. 0. No	Original data
Career Length	Measures the career length of a leader by counting the number of years between the leader's first position and the start of their government. Numerical, logged.	Original data
Party Affiliation Length	Measures the length of affiliation of the leader to the party they belonged to when coming to office. Numerical, logged.	Original data
Party Age	Measures the age of the leader's party when the leader comes to office. Numerical, logged.	(Döring and Regel, 2019)
Personalization of Party	Measures the degree to which the ruling party is under control of its leader. Numerical.	(Lindberg et al., 2022)
Partisans in Cabinet	Share of cabinet members affiliated to a political party. Numerical, bounded between 0 and 1.	(Nyrup and Bramwell, 2020)
Military-based		
Military	Indicates whether the leader is a military officer. 1. Yes. 0. No.	(Geddes et al., 2014)
Military Rank	Indicates the military rank of the leader. 1. Yes. 0. No.	(Geddes et al., 2014)
Military-backed	Indicates whether the military backed the regime. 1. Yes. 0. No.	(Geddes et al., 2014)
Military in Cabinet	Share of cabinet members who are military officers. Numerical, bounded between 0 and 1.	(Nyrup and Bramwell, 2020)

Tab. 2: List of variables included in the estimation of strategies

previously elected or appointed to political office, the seniority level of their highest office, and the length of a leader's career before coming to power) separate leaders who engaged meaningfully with the political system and its institutions and organizations before coming to power from leaders who come to power without any prior such engagement. Leaders for whom this engagement is extensive in time, and intensive in the types of positions that they had are usually leaders who spend their political careers inside political organizations and institutions from which they can launch successful bids to power and through which they can effectively govern.

I collected original data on leaders' biography following a two-step procedure. First, I hand-coded basic information from Wikipedia pages about each leader. In a large majority of cases, Wikipedia in the leader's native language proved to be accurate enough upon validity checking from other academic fonts. For the cases in which Wikipedia has incomplete or inconsistent information (e.g., it would indicate that a leader was elected to parliament in a year in which no parliamentary election was held), I consulted a large variety of secondary sources to determine a leader's path to power.

Similarly, information about the modes and length of engagement between leaders and parties provide additional leverage to estimate the degree to which leaders follow a party-based strategy. Leaders who spend many years in their parties before coming to power tend to be leaders who rose through the party's ranks and became experts at mobilizing the party's organization to advance their political careers. Consequently, longer affiliations to older parties are expected to identify leaders whose degree of personalism is low since their parties are expected to shape how fast leaders go into political office (Levitsky, 1998).

Data on leaders' affiliation to political parties come from Nyrop and Bramwell (2020) who collected information on the formal party affiliation of world leaders from a variety of sources (and identified as independents those who were not card-carrying members of any parties). I collected original data on leaders' date of affiliation to parties following the same two-step procedure described above. Sometimes, the most reliable information about the date in which a leader joined a party would not be precise enough to determine the year of affiliation (e.g., a source would

indicate that the leader joined a party “in her college-years”). In these cases, I coded the last of the years in each period as the year of affiliation (so, if, for example, the leader was in college between 1971 and 1975, I coded affiliation as if it had happened in 1975). In the few cases in which I could not find any information about the date in which leaders joined parties, I coded the year of the first record linking leader and party as their year of affiliation⁶. Data on parties’ foundation year date came in large part from PartyFacts (Döring and Regel, 2019). In the instances in which PartyFacts did not include information about parties in my dataset, I collected original information about parties from academic publications such as Sager, ed (2009), official government websites, and Wikipedia, following quality controls similar to the ones described above.⁷

An additional variable covering the relationship between parties and leaders included in the index is a measure of the degree to which a party is subject to its leader’s interests. This variable, Personalization of party (*v2paind*), comes from the V-Party dataset (Lindberg et al., 2022) and is the result of a Bayesian aggregation of responses from a survey with party experts. Because higher degrees of personalization of the party indicate an imbalance between leader and organization that favors the former versus the later, its inclusion seeks to provide a direct comparison of how salient leaders are *vis-à-vis* their parties.

One challenge associated with the inclusion of this variable, however, is that the V-Party project did not code the degree of personalization of the parties to which every leader in the world belongs, rather requiring some seat or electoral threshold that parties must meet before being included. Another, bigger, challenge are missing values observed for leaders who did not belong to any party. Independents not only did not have a party affiliation to which a score from V-Party could be matched, as they arguably have degrees of control over their (personal, informal) organizations that are likely substantively different from those not observed for partisans whose

⁶ By “first record” I mean many things, described in the supplemental material. Examples include the date in which the leader ran in the first election under that party label, or the year in which the leader joined the cabinet of a former president from that same party

⁷ Leaders with no party affiliation receive a score of zero in the logged scales, a coding decision that separates them from leaders who did belong to a party but whose party had been created in the year in which the leader came to power (because in order to log scores I add 1 to the age and affiliation length of every leader before transformation)

parties were not coded by V-Party. Consequently, treating both types of missing observations equivalently, as many strategies for factor analyses with missing values would do, endangered biasing results.

To deal with both challenges in theoretically and empirically consistent ways, I performed multiple imputation of missing values for this variable using the Expectation-Maximization Bootstrapping algorithm of the *Amelia* package (Honaker et al., 2011) in R, adding special parameters to ensure that scores for independents differed from those simply not observed for partisans. Below I discuss the imputation in detail and review its performance. In summary, however, I set observation-level priors for every leader who did not belong to a party that made scores indicating very high levels of personalization more likely (the imputation algorithm, however, could override these priors if it found better values considering only the other manifest variables included in this analysis). As a consequence, independents' levels of personalization in the dataset tend to be similar to those observed for leaders affiliated with recently created, highly personalized political parties which are hard to distinguish from informal, personal organizations to begin with.

Similarly, I take advantage of data collected by Geddes and her coauthors (Geddes et al., 2014) covering authoritarian leaders to, for the moment, code similar indicators indicating belonging to military organizations. Specifically, I use their indicator to record whether authoritarian leaders are military officers, their ranking, and the role the military plays as a supporting actor in the regime. Because Geddes et al.'s 2014 dataset covers only authoritarian regimes, I treated every democratic leader as if they were civilians, unsupported by the military. While there were a few elected leaders of democracies who had military backgrounds— Gal. Eisenhower in the US or Brazil's current president, Jair Bolsonaro— and still preserved their ranks even after retirement, the number of military leaders elected in democracies because of their reliance on the military as an organization is likely small, thus being unlikely that by treating them all as civilians I would be biasing results in extraordinary ways. I am in the process of collecting new data about democratic leaders, which will be fully available in the next version of this paper.

Indicators of leaders' careers and belonging to organizations are measured prior to the leader

coming to power, thus are constant throughout their ruling spells. To identify the strategies leaders adopt when in power, I take advantage of data from Nyrup and Bramwell 2020 who code the party affiliation and military title of cabinet members. Specifically, I calculate the share of cabinet members registered as holding an affiliation to a political party (not necessarily the ruling party) and include this variable in the estimation of the latent construct for party-based strategies, and the share of cabinet members who are military men (and women) in the estimation of the military-based strategy. The assumption is that appointments reflect two important sub-dimensions of political strategies. On one hand, they show how much leaders' networks are embedded within those organizations. On the other hand, more partisans or military men in cabinet institutionalize power-sharing agreements between leaders and these organizations (Meng, 2021), limiting how much leeway leaders personally have to manage public policy.

To estimate the scores of the latent variables used to build the index of personalism, I rely on a Confirmatory Factor Analysis to fit a theoretically informed model to the data. Following the theoretical principles outlined in the previous section, I proceed in two steps. First, I fit a model to the data that predicts two latent variables measuring the degree to which leaders rely on a party-based or a military-based political strategy. Party-based political strategies are generally followed by insiders who belong to well-institutionalized political parties and who governed through them. Military-based strategies are followed by leaders who come to power and govern thanks to their position within the military hierarchy and take advantage of such a hierarchy to exercise power and fill government positions. Below I discuss the CFA in detail and elaborate on its results.

I predict values for the latent scores of both `party-based` and `military` and use them to calculate the index of personalism of world leaders. Again, I assume that *Personalism*, a *Party-Based* strategy, or a *Military-based* strategy exhaust the paths that leaders follow to reach power and govern. Consequently, because we have data to estimate two of these three strategies, I consider that the last strategy, *Personalism*, can be observed when leaders follow *neither* a party-based nor a military-based strategy.

To find that value, I

1. scale the factor scores for party-based and military so they become more comparable, with mean 0 and standard deviation equals 1.
2. I re-scale the resulting variables so that the minimum value becomes 0 (thus, preventing that not pursuing one strategy minimizes pursuing the other).
3. I add these two latent constructs one to each other so that leaders who follow any mix of non-personalist strategies have higher values in this sum of non-personalist strategies (I call this variable `organizational` in the dataset to contrast organizational strategies with personalism, which is based on non-organizational, individual resources of the leader).
4. I convert the resulting score by their probability distribution, in order to bound the final score between 0 and 1.
5. I subtract this final value of the `organizational` variable from 1 to calculate the level of personalism of each leader.