

# **Zoning Out Democracy: Autocratic Survival through Global Commercial Enclaves**

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# Does Global Capitalism Promote Democracy?

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- Why can autocracies achieve global commercial integration despite a lack of such institutions?

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  - We relax this assumption and offer a place-based approach

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Single-firm “free zones”, export processing zones, special economic zones, charter cities



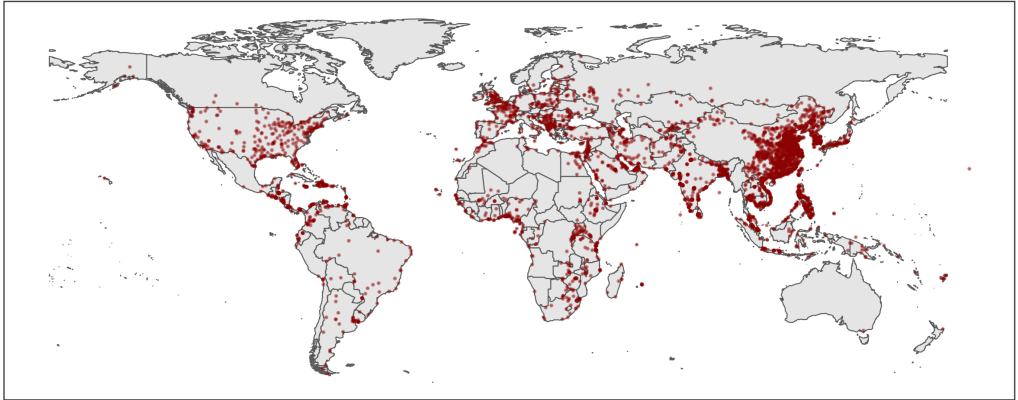
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  - Policy design  
Infrastructure, regulation, tax benefits
  - Financing model  
Government, public-private, private

## Global Distribution of SEZs (as of Dec. 2021)



Source: Adrianople Group & authors

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- SEZs as an institutional shortcut to jump-start the self-enforcing production ecosystem

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- SEZs make democratic institutions less relevant  
**Hypothesis 2** SEZs consolidate autocratic survival

## Autocracies tend to have more zones

	DV: # of active zones (2021 only)			
	(1)	(2)	(3)	(4)
Polyarchy	-0.62*** (0.02)	-0.27*** (0.02)	-0.46*** (0.02)	-0.14*** (0.02)
log Population		0.89*** (0.01)	0.83*** (0.01)	0.72*** (0.01)
log GDP per capita			0.45*** (0.01)	0.31*** (0.02)
# of BITs				0.02*** (0.00)
# of PTAs				-0.03*** (0.00)
Observations	172	170	166	166

**Notes:** \*\*\*  $p < 0.01$ ; \*\*  $p < 0.05$ ; \*  $p < 0.1$ . Presents results from Poisson PML regressions. All variables are standardized to have a mean of 0 and a standard deviation of 1.

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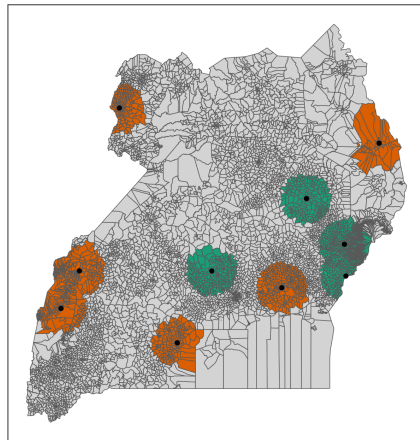
- Electoral autocracy (Mwenda 2007; Trip 2010)
- Brought 4 zones into operation in 2017 and 2018
  - Uganda Vision 2040
  - New free zone legal framework in 2014
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- Tied to important 2021 election issues
  - Unemployment major political concern (Abrahamsen & Bareebe 2021)



# Data

## Outcomes

- Parish-level, vote share for Museveni
  - 2011, 2016, 2021 elections
  - Maps harmonized by the Uganda Elections Data Portal
- Geo-coded survey responses
  - Afrobarometer (2005 – 2022)
  - Opinions of personal and national economic wellbeing



Out of sample   Operational   Land secured

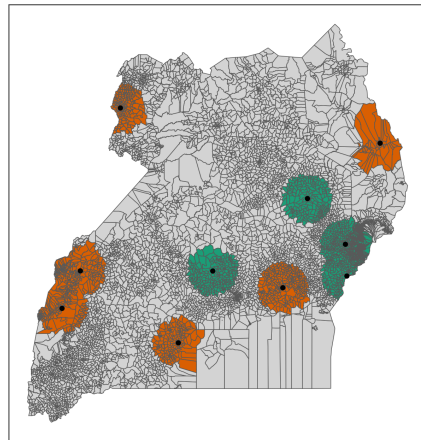
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## Location of Zones

- Geo-coded location of **active** or **soon-to-be active** zones
- Include parishes within 25 miles of a zone



# Event study design (electoral results)

$$Y_{it} = \beta_t \cdot SEZ_i \cdot \mathbb{1}\{t \neq 2016\} + \theta_t \cdot X_i \cdot \mathbb{1}\{t \neq 2016\} + \rho_d + \alpha_i + \gamma_t + \varepsilon_{dt}$$

## Terms

$Y_{it}$  Museveni vote share

$SEZ_i$  Parish centroid within buffer of operational economic zone

$X_i$  Parish-level controls:

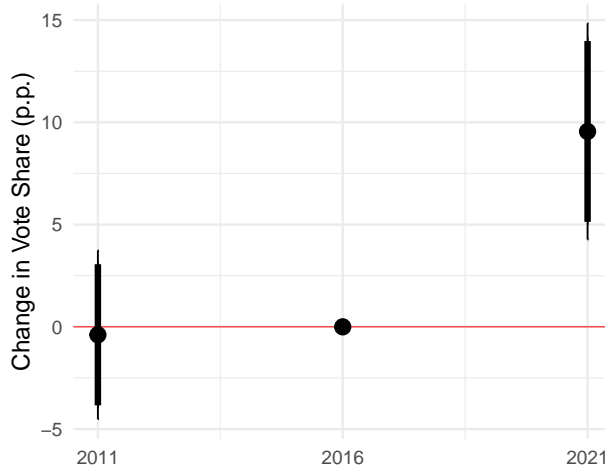
- # of registered voters, % of registered voters who are male (2016), distance from Kampala

$\rho_d, \alpha_i, \gamma_t$  District- (68), parish- (2,518) and year-fixed effects

Standard errors clustered at district-level (level above parish)

# Electoral Results (1)

25-mile buffer



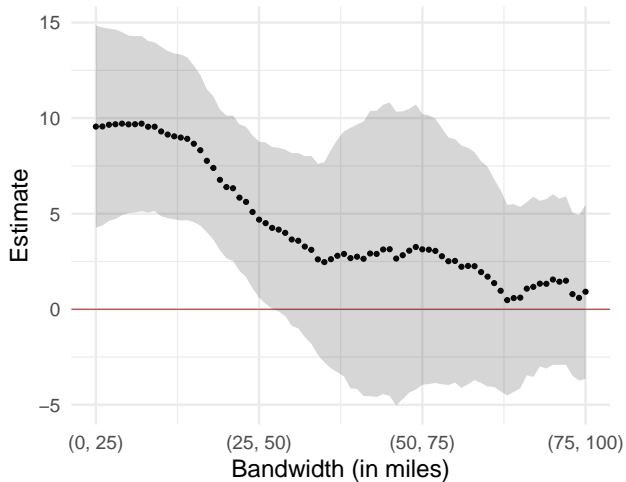
Average vote shares

Alt. specifications

Robust confidence sets

# Electoral Results (2)

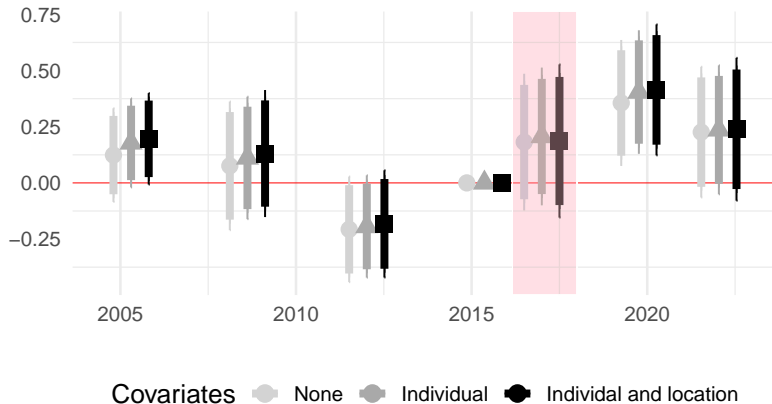
Alternative buffers





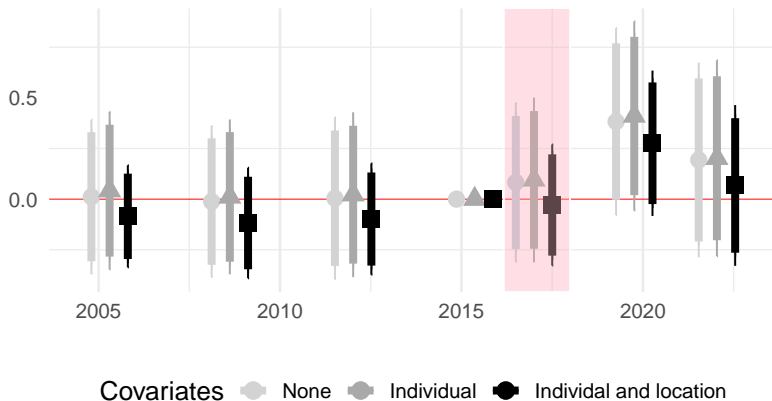
# Survey results (1)

**Present personal** economic wellbeing



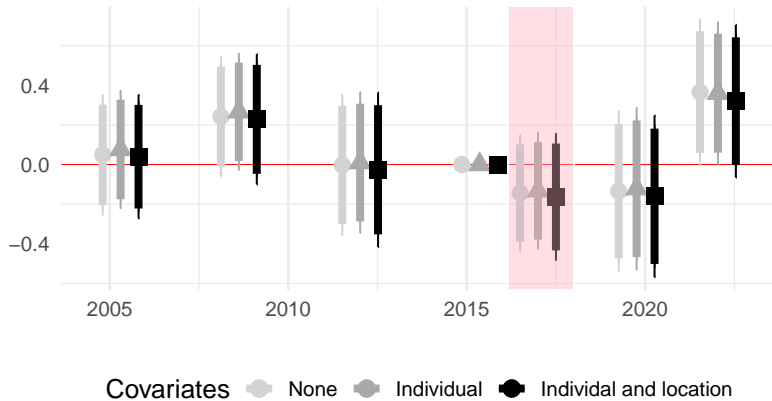
## Survey results (2)

**Present** economic conditions of the **country**



# Survey results (3)

**Future** economic conditions of the **country**



## Conclusion & Next Steps

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- Evidence from Uganda that zones increase support for autocratic incumbent
  - Individuals feel better off **personally**, but only suggestive evidence that this translates into feelings of **country's well-being**

# Conclusion & Next Steps

- SEZs as a prevalent strategy for autocrats to integrate into global markets **without** providing liberal political institutions
- Evidence from Uganda that zones increase support for autocratic incumbent
  - Individuals feel better off **personally**, but only suggestive evidence that this translates into feelings of **country's well-being**
- Ongoing work:
  - A Global Dataset on the Establishment and Design at SEZs
    - Overtime global diffusion

# Appendix

## **25-mile buffer**

- Alternative specifications
- Average vote shares
- Robust confidence sets

## **Alternative buffers**

- Plot with placebos
- Stable parishes only

# Event study design (pooled survey data)

$$Y_{itw} = \beta_w \cdot SEZ_i \cdot \mathbb{1}\{w \neq 6\} + \theta \cdot X_i + \rho_d + \gamma_w + \varepsilon_{itw}$$

## Terms

$Y_{it}$

- Present personal economic conditions
- Present economic conditions of country
- Future economic conditions of country

$SEZ_i$  Survey conducted within 50 miles of operational economic zone

$X_i$  **Controls:** Age, gender, employment, education, urban/rural, distance from Kampala

$\rho_d, \gamma_w$  District- and year-fixed effects

Standard errors clustered at district-level



## Alternative specifications (25-mile)

	DV: Museveni vote share (p.p.)			
	(1)	(2)	(3)	(4)
Near SEZ <sub>After active</sub>	0.086* (0.045)	0.089*** (0.026)	0.094*** (0.028)	0.096*** (0.027)
Near SEZ <sub>Before active</sub>	0.033 (0.029)	-0.008 (0.021)	-0.005 (0.021)	-0.004 (0.021)
<i>Flexible controls</i>				
Distance to Kampala		✓	✓	✓
Reg. voters <sub>2011</sub>			✓	✓
% Male voters <sub>2016</sub>				✓
<i>Fixed effects</i>				
District	✓	✓	✓	✓
Parish	✓	✓	✓	✓
Year	✓	✓	✓	✓
Observations	12,927	12,927	12,927	12,927
Adj. R <sup>2</sup>	0.668	0.817	0.817	0.818

Table: Uganda electoral results, alternative specifications, 25-mile radius

# Average changes in vote share

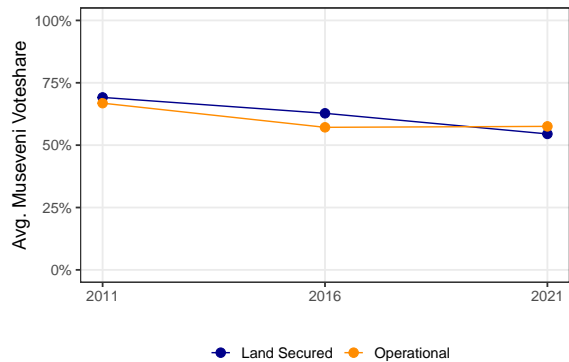


Figure: Average vote shares across zone- and soon-to-be zone parishes

# Robust Confidence Sets

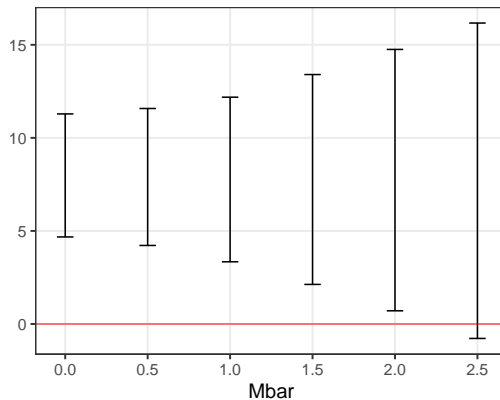


Figure: Robust confidence sets (Rambachan & Roth 2023)

## Alternative buffers, Plot with placebos

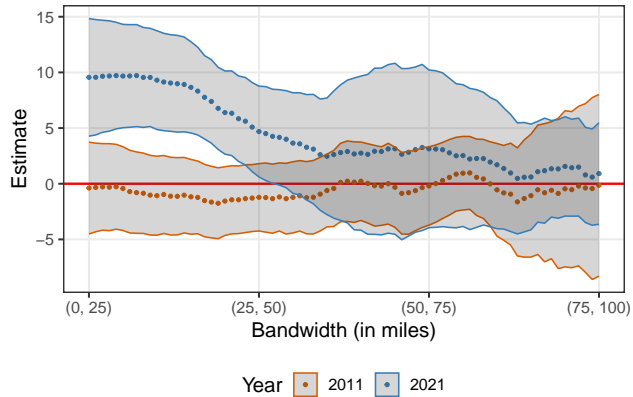


Figure: Alternative buffers with placebos

## Alternative buffers, stable parishes only

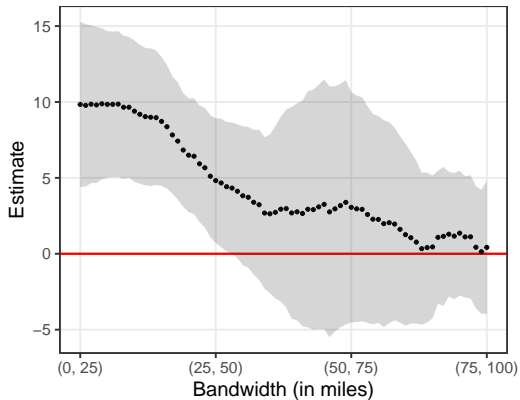


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