

# How Does *Kompromat* Affect Politics? A Model of Transparency Regimes

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## Abstract

Why are transparency regimes, such as lustration, relatively rare? When some politicians have something to conceal, why would their opponents not press for transparency? To analyze transitional justice, we build a model that explains why uncompromised politicians might avoid a transparency regime, which could signal to the voters that they are clean. We model the interaction between an incumbent, an opposition leader, a strategic blackmailer, and voters who know that the opposition politician may be compromised. The incumbent can implement a transparency regime, which by forcing out a compromised opponent would make blackmail impossible. We show that, because it is easier to defeat a potentially compromised opponent, she might strategically refrain from transparency and keep all skeletons of the ancien régime in the closet. We corroborate our results using original data from the Global Transitional Justice Dataset combined with data on elections, incumbency, and successor autocrat status in post-communist Europe.

**Keywords:** transitional justice, transparency regime, blackmail, signaling.

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# 1 Introduction

New democracies do not emerge in a vacuum. Legacies of former authoritarian states persist in the new polity in the form of unsettled scores of human rights abuses, former security agency staff members, and former secret police archives containing lists of collaborators of the authoritarian security apparatus. The combined set of mechanisms designed to deal with these legacies is referred to as *transitional justice* (TJ) (Elster, 2004; Aguilar, Balcells and Cebolla-Boado, 2011). While broadly speaking, TJ can take many forms, it primarily falls into one of several categories, including: (1) criminal trials of those responsible for human rights violations (Sikkink, 2011)<sup>1</sup>; (2) purges, which refer to the firing of administrative staff of the former state and security apparatus (Binningsbo et al., 2012); (3) reparations to victims and apologies (Posner and Vermeule, 2004); and (4) transparency regimes, that is, truth commissions and lustrations (Elster, 2004).

In this paper, we focus on this fourth category, which aims to disclose the truth about crimes, atrocities, and betrayals that took place under the ancien régime. Truth commissions accomplish this by hearing testimonies from victims and sometimes co-perpetrators, offering them incentives to step forward.<sup>2</sup> Lustration mechanisms uncover the identity of secret informers, collaborators, and agents of the previous authoritarian regimes by consulting archives of the secret political police, but rarely do their findings result in criminal prosecutions. This feature has been spun as an advantage of lustration over competing transitional justice mechanisms: that thanks to its forward-looking nature it has the ability to improve the quality of representation (Ang and Nalepa, 2019; Bates, Cinar and Nalepa, 2020) without running into problems of retroactivity brought on by criminal prosecutions against agents of repression (Dancy and

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<sup>1</sup>In addition, scholars of international relations have also formulated arguments according to which the involvement of the international community (Prorok, 2017; Loyle and Appel, 2017; Krcmaric, 2018) can induce TJ delays, particularly in instances where relying on international resources can economically benefit the country in question (Simmons and Hopkins, 2005).

<sup>2</sup>To be sure, truth commissions perform a host of other important functions, such as naming individual perpetrators of human rights abuses, outlining patterns of abuses, even providing direct reparations to victims. Many, if not all, truth commissions make specific policy recommendations geared towards ensuring that such abuses do not reoccur. Some of the policy recommendations include prosecution against certain perpetrators, as occurred with the Truth and Reconciliation Commission of Sierra Leone (Loyle, Forthcoming).



Figure 1: Purges (the removal of known collaborators) and transparency (lustrations and truth commissions) as a function of years lapsed since the democratic transition in 81 countries based on GTJD. Consistently with [Bates, Cinar and Nalepa \(2020\)](#), purges and lustration are measured as the number of events advancing transitional justice net of events impeding transitional justice per year.

[Montal, 2017](#)).<sup>3</sup>

However, while transparency regimes are better for democracy and rule of law than their absence, empirical evidence shows that these regimes are not universally implemented. Indeed, a trend graph contrasting the adoption of transparency regimes (i.e., lustrations and truth commissions) with purges (the removal of known collaborators from state agencies of enforcement and bureaucracy) reveals that disclosing the truth about secret collaboration is much less frequent than firing and punishing its overt collaborators. Figure 1 is based on the Global Transitional Justice Dataset (GTJD). Purges—the firing of known collaborators—are in green and transparency regimes are in blue. The trends use the “net TJ severity” measures developed by [Bates, Cinar and Nalepa \(2020\)](#)<sup>4</sup>. This figure, showing transparency and purges as a function of time lapsed since the democratic transition took place, makes clear that transparency regimes trail behind purges. This suggests that politicians in post-authoritarian states are considerably more reluctant to implement measures disclosing secret collaboration with the authoritarian regime. This is puzzling because although transparency may be dangerous for compromised politicians, it is not clear why politicians not tainted by *kompromat* would not

<sup>3</sup>Prosecuting in a court of law an agent of repression for acts that were legal, indeed sometimes even ordered, at the time they were executed violates the rule of law principle *nullum poena crimen sine lege* (no crime without a law) ([Endo, 2002](#)).

<sup>4</sup>Net severity is by these authors defined annually as the total number transitional justice events advancing TJ forward net of events moving TJ backward)

advocate for transparency. If their opponents are suspect of secret collaboration with former regimes, implementing transparency should be a sound strategy for staying in power.

The theory we propose here presents a strategic reason why politicians refrain from implementing transparency regimes. We show that incumbents might refuse to implement transparency even when they themselves have no skeletons in the closet. Assuming (as we do initially) the incumbent in power is clean herself allows us to tackle the hardest case in this argument: even where transparency, on the surface, *should benefit the incumbent most*, we demonstrate that for a wide range of circumstances it is still not implemented.<sup>5</sup> Incumbents suppress transparency, reducing the quality of representation in new democracies, because they are more likely to win elections when voters suspect that challengers can be blackmailed with kompromat concerning the opposition’s past collaboration. Thus, our model shows both that TJ—in the form of transparency regimes—is good for democracy, and explains why it is so rare.

We model the strategic interaction between an incumbent, a (potentially compromised) challenger, “the blackmailer” (an agent of the ancien régime’s security apparatus), and voters, who care primarily about policy yet dislike politicians who are proven to be collaborators. The key feature of the model is that the member of the ancien régime’s security apparatus has private information about whether a member of the opposition and challenger to the incumbent has done something embarrassing in the past—such as collaborated with the security police prior to the transition. Hence, this is a model of the consequences of hidden influence: *kompromat* (Hubert and Little, 2019). In Section 2, we discuss the modeling challenges that any researcher of blackmail has to deal with.

In a political competition, anything that reduces the electability of a challenger should be brought to light by the incumbent. Thus, the delay or complete absence of transparency when successor autocrats (or other parties who have no skeletons in the closet) are in power is puzzling. Our theory offers a mechanism explaining the incumbent’s reluctance towards

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<sup>5</sup>Yet, to apply our model to a broad range of cases, we later relax the assumption that the incumbent cannot be compromised. In Proposition 4, we show that even if the incumbent is suspected of being compromised, and implementing transparency would signal that she has no skeletons in her closet, she might still prefer to avoid transparency.

transparency. Proposition 1 describes the equilibrium conditions under which the incumbent refrains from transparency. Intuitively, the incumbent’s desire to avoid transparency increases with the distance between her policy preferences and the median voter’s (Proposition 2). It also increases with the probability that the opposition leader is compromised as well as the probability that the opposition’s policy preferences are extreme (Proposition 3).

Our results survive a number of robustness checks. In Section 4, we re-order the ideal point of the blackmailer *vis á vis* that of the incumbent, and analyze the case when the incumbent herself might be compromised. Our main insights are stable across all extensions: the blackmailer releases kompromat if and only if the compromised leader does not, to some extent, respond to his demands. Anticipating this, the incumbent prefers to run against an opponent who is tainted by suspicion rather than against an opponent who is free of kompromat with certainty.

Our results explain the puzzling restraint of successor authoritarian parties in revealing to the electorate that their opponents are compromised. Perhaps the most striking normative implication of our model is that the more likely the opposition is to be compromised, the higher the chances that kompromat is effective and preserves incumbency advantage. This unsettling result means that the greater the normative needs for transparency—because of a greater number of compromised politicians—the less likely compromised politicians are to be exposed. In other words, countries that need transparency the most are least likely to get it.

Existing research has focused its explanations for avoiding transitional justice of all kinds on the entrenchment of the former authoritarian regime in the new democracy (Olsen, Payne and Reiter, 2010; Grzymala-Busse, 2002). Some research (Przeworski, 1991; Albertus and Menaldo, 2014) has demonstrated that the leverage that outgoing elites have when negotiating the transition to democracy allows them to escape accountability and Helmke, Jeong and Ozturk (2019) has showed that electoral competition rather than rule of law considerations, such as TJ are more effective at explaining why former executives are prosecuting in a court of law. All of these works, however, assume that without protection, tainted politicians would face accountability. There are thus two differences between this existing literature and our work. On the one hand, our article is concerned with transparency regimes, that is the revelation of

embarrassing skeletons in the closet that, barring this form of transitional justice, would remain concealed. On the other hand, our work presents a logic according to which transitional justice is avoided even when “dirt” to be revealed would not hurt the incumbent at all, but rather would expose skeletons only in the opposition’s closet (Nalepa, 2010).

Few works in formal theory are devoted to the topic of kompromat, but one exception is Hubert and Little (2019), who conceptualize it as the collection of embarrassing information by authoritarian principals on their agents as a way of disciplining them. These authors use a cheap-talk game to account for the possibility of kompromat being leaked. Our model departs from Hubert and Little (2019) in that it focuses on consequences rather than origins of kompromat. Our blackmailer cannot generate kompromat but he can use it to force compromised politicians into making concessions. Our paper also departs from Hubert and Little (2019) in that it engages empirical corroboration of the theoretical implications. However, in lieu of a large- $n$  empirical analysis, we conduct a medium- $n$  analysis that focuses on post-communist electoral terms from 1990 through 2018. A large- $n$  test is not feasible in the case of a model with such a high level of intervening variables. Forcing such a test would call for dubious operationalization criteria and would be, we believe, far less convincing.

We show that in circumstances matching the assumptions of our model in the post-communist electoral terms from 1990 through 2018, the volume of transparency regimes is indeed lower than usual (with “usual” defined as circumstances not matching the circumstances of our model). Scope conditions dictated by the comparative statics of our model limit our entire universe of cases to 14 electoral terms (an electoral term is the unit of analysis here). We believe that such a meso-level analysis is the best of both worlds: it allows us to precisely operationalize most of our parameters of interest without cherry picking cases that support our insights. For the dependent variable, we rely on our original transitional justice data from the GTJD. This dataset codes transitional justice processes at the most granular level, disaggregating them by mechanism at the event level. Moreover, the dataset separates events into positive, that is advancing the transitional justice process, and negative, that is delaying or halting altogether the transitional justice process. This allows us to distinguish between transparency regimes

that are severe and the ones that are relatively mild. Independent variables are operationalized with several variables from the Chapel Hill Expert Survey.

The rest of the paper is organized as follows. Section 2 briefly discusses modelling blackmail, the core element of our theory. Section 3 presents and analyzes our baseline model, while Section 4 considers extensions. In Section 5, we illustrate the comparative statics of our model with the medium- $n$  analysis described above. Section 6 concludes.

## 2 A Theory of Blackmail in the Context of Transitional Justice

Our theoretical model draws on two strands of literature. First, it is a model of TJ in that it deals with implications of behavior under an ancien régime for the quality of political representation under a new democratic regime. Second, it is a model of blackmail, that is, of hidden influence through the threat of public disclosure of information that voters consider disqualifying from holding public office. This section situates our model in the context of the existing models on the subject.

The political problem of blackmail with kompromat and its potential to hurt a new polity’s democratization prospects is well documented, for instance in the case of Poland at the peak moment of regime transition. According to Tomasz [Kozłowski \(2019\)](#), a July 1989 order issued by Polish secret Police Chief, Dankowski, urged his agents to use “materials at their disposal” to pressure parliamentarians and senators to vote for a communist (Wojciech Jaruzelski or Czesław Kiszczak) in the indirect presidential elections. The order was issued shortly after the leadership of the anti-communist Solidarity trade union urged its members to “vote according to their own conscience in a way not constrained by the Roundtable accords.”

[Kozłowski \(2019\)](#) goes on to describe the process of copying or even stealing files of the secret police by officers themselves: “the secret police officers treated this as an insurance policy of sorts, should blackmail with such secret police files be necessary to preserve their status.” It is not clear how widespread this practice became, but in 1996, Minister of Interior,

Zbigniew Siemiatkowski, estimated that of the 25 thousand retired former secret police officers, approximately one third was in possession of kompromat. Siemiatkowski also expressed the belief that “lustration would demobilize this bomb” (Siemiatkowski, 1997). In 1992, Marek Kuczkowski, a former secret police officer in Torun, in the North of Poland, faced charges that in 1990 he had participated in the process of destroying files, “but instead of destroying them he stole a substantial number of them” (Gluchowski, 1992). In 1998, Siemiatkowski (1998) reported an interview with a former secret police officer who, in defence of his habitual stealing of files and then using them to position himself in the post-transition reality, claimed “How was I supposed to make ends meet? I was concerned about not being able to find work, so a former informer helped me out.” He later added that he maintained a lot of informer files for “a rainy day, in case his prospects were to worsen.” Finally, there is ample evidence that the outgoing secret police was careful that so-called “counter-kompromat” did not threaten their post-transition existence. According to Stasi materials cited by Siemiatkowski (2008), Zbigniew Sobotka, deputy member of Poland’s last Polit Bureau, claimed that Czeslaw Kiszczak, the Chief of the Secret Police, personally ordered that the archives, especially those concerning the 1980s, be destroyed or removed “so that in the eventuality that the parliament decided to consult those files, nobody would find evidence to hold the communist party to account.”<sup>6</sup>

Years later, the first Democratic Minister of Interior, Krzysztof Kozlowski, maintained that “the secret police officers carried out with them hundreds of files as insurance for their future. In case of problems, their plan was to use blackmail.” He himself suspected that even Kiszczak, the Chief of the secret police, took some files home with him (Siemiatkowski, 2004). This belief was corroborated 12 years later when following Kiszczak’s passing, his widow revealed that Lech Walesa, the 1980s Solidarity trade union leader who in post-communist Poland became its first President, had worked as secret political police informer (Ang and Nalepa, 2019). To back these accusations, the widow produced a thick informer file documenting Walesa’s collaboration

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<sup>6</sup>Among scholars of the subject, Karklins (2005) believes that since “kompromat is most often used by corrupt individuals and networks to protect themselves against rivals, this knowledge of guilt is mutual and therefore acts mostly as a deterrent to preserve the status quo,” implying that the only protection against kompromat is counter-kompromat (defined as an “even greater skeleton in the closet”, Karklins, 2005, page 36).



between 1970 and 1975. Later, two historians analyzed the file to uncover that Walesa had been recruited by the secret police of communist Poland when he was an electrician at the Gdansk shipyard, long before becoming Solidarity leader. He severed the relationship with his agents and ceased providing them with any information six years before the famous strike standoff in the shipyard. Yet were Walesa still in office in 2008, when the revelations first surfaced, his career would have suffered even more dramatically than his legacy did ([Cenckiewicz and Gontarczyk, 2008](#)).

The examples from Poland are not isolated ones. In 2003, Lithuanian President Rolandas Paskas was removed from office after it was revealed he used connections to the Russian mafia in his campaign ([Clark and Verseckaitė, 2005](#)). Specifically, Paskas had accepted an almost half a million dollar donation to his campaign from a foreign national. When in return for granting this individual citizenship, he found himself under scrutiny of state security and it was uncovered that the donor, Yuri Borisov, had ties to the Russian mafia. Moreover Paskas had been leaking him classified information. Paskas then faced an impeachment proceeding in the Lithuanian legislature, which in early 2004, found him guilty and not only removed Paskas from the presidency, but also banned him for life from running for office ([Myers, 2004](#)). In the post-communist world in general, the use and institutionalization of secrecy by authoritarian regimes has been well documented ([Harrison, 2017](#)).

It is widely believed by scholars that lustration is capable of putting a stop to the use of kompromat, though how exactly this happens has eluded social scientists. For example, [Los \(2003, page 160\)](#) writes that “Blackmail is also related to the secret information amassed in the archives of the former regime....this knowledge constituted the very foundation of the communist power. Under the new conditions it did not lose its political value as it could be easily translated into secret power over certain groups, political organizations and individual politicians. It could also be exchanged for money and influence.” [Karklins \(2002\)](#) writes that corruption resulting from kompromat “tends to be self-perpetuating. Fear of exposure of previous corrupt dealings leads to additional corrupt acts, through both blackmail and bribery, to prevent investigations. Unless there is a decisive and institutionally based break in the spiral

of corruption, the trend will only grow” (Karklins, 2002, page 30). Offe (1992)’s conclusions call for even more urgency: “In all post-communist regimes, it is evident that ...a general amnesty ... would also allow people to move into leadership positions whose involvement in the former regime makes them liable to blackmail through the threat of exposure. Something must be done” (Offe, 1992, page 195). And yet, as Figure 1 clearly indicates, institutional solutions have been few and far between.

The formal study of blackmail has long been the domain of scholars of law and economics (Coase, 1988; Posner, 1993) and international relations (Schelling, 1960; Ellsberg, 1968). Contrary to conventional wisdom, modeling blackmail is not a straightforward exercise. The first conceptual challenge is capturing the public’s uncertainty as to whether the actions of a possibly compromised politician are the result of genuine policy preferences or a response to blackmail; the second is creating an incentive for the blackmailer to release kompromat when the compromised politician does not yield to his demands.

For kompromat to work, voters must react to its release: either by censuring the politician or removing him from office. Otherwise, a compromised politician would simply ignore the presence of kompromat. Thus, when the possibly compromised politician chooses a policy, the voters should not be certain if the policy is a result of yielding to blackmail or it is attributable to the politician’s genuine policy preferences. If the voters knew with certainty that a policy was the result of blackmail, they would instantaneously punish the politician. It follows that any model of kompromat requires at least four cross-cutting types of the politician: What is first required is both compromised and uncompromised politicians. A second requirement is uncertainty regarding the uncompromised politician’s true preferences. Were these preferences uniquely associated with some policy, any deviation from this policy would expose the politician as compromised. Consequently, the kompromat possessed by the blackmailer would be useless. For the blackmailer to have any leverage over the compromised politician, he must be able to choose a policy preferred by some uncompromised politician. This politician then faces a choice: he can succumb to the blackmailer or choose a different policy, be recognized as compromised, and be immediately removed from office.

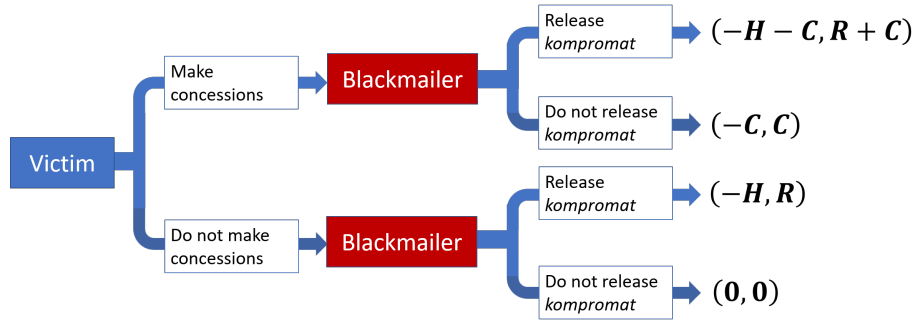


Figure 2: The “blackmail paradox”: No matter how costly releasing kompromat is to the victim,  $H > 0$ , and for every value of concessions that the victim could make to satisfy the blackmailer,  $C > 0$ , in the unique subgame perfect Nash equilibrium, the victim does not concede regardless of whether the blackmailer enjoys releasing the kompromat ( $R > 0$ ), or pays a cost ( $R < 0$ ) to do so.

The second challenge is easiest to illustrate with a simple sequential game, like the one depicted in Figure 2. Here, the Victim first chooses whether to make a concession; next, the blackmailer decides whether to release kompromat. There is no subgame-perfect Nash equilibrium (SPNE) in which the Victim concedes. To see this, assume that if the victim concedes, he pays  $C > 0$  to the blackmailer. If the blackmailer releases kompromat, the victim suffers the disutility of  $-H$ , where  $H > 0$ , and the blackmailer receives the payoff of  $R$ . If the blackmailer suffers disutility as a result of releasing kompromat,  $R < 0$ , then **(Do not make concessions, Do not release kompromat)** is a unique SPNE. If the blackmailer receives an additional payoff from releasing the *kompromat*,  $R > 0$ , then **(Do not make concessions, Release kompromat)** is a unique SPNE. In either case, that is regardless of whether  $R$  is larger or smaller than 0, and for any  $H$  and  $C$ , the victim *never* concedes in equilibrium.

Thomas Schelling (Schelling, 1960) outlines the fundamental mechanism underlying this paradox for the one-shot case when  $R < 0$ . Following the victim’s move not to make concessions, fulfilling the threat is not incentive compatible. For  $R > 0$ , no concessions are made in the first place because the blackmailer releases kompromat regardless of the victim’s action. Addressing this issue, Shavell and Spier (2002) demonstrate that if carrying out a threat is costly for the blackmailer ( $R < 0$ ), then it is not possible to extract a concession from the victim, even in an infinite-horizon setting. Schwarz and Sonin (2008) provide a mechanism for the blackmailer to extract the total surplus from the victim, but this mechanism requires randomized punishments along the equilibrium path, and relies heavily on the infinite interaction horizon.

In our game, despite its one-shot nature, it is subgame-perfect for the blackmailer to release the kompromat when the concession is not made. What makes this possible is that after kompromat is released and the blackmailed politician leaves office, his replacement that emerges following the elections may have genuine policy preferences that are favorable to the blackmailer (as explained above, for blackmail to have any effect on policy, an uncompromised politician with preferences more favorable to the blackmailer *must* be possible.) This possibility motivates the blackmailer to release kompromat when presented with a choice between a compromised politician who will not step down and new elections. Thus, our model resolves the “blackmail paradox”: the blackmailer does not release kompromat when the compromised official yields to his demands, but releases it if the official does not.

### 3 The Model

In our model, there is an incumbent who is currently in power but facing an election. Before the election, she has an opportunity to implement a transparency regime. Since our goal is to explain why even politicians who are not themselves compromised might shield from a transparency regime those who are, we can think of the incumbent as the successor autocrat. This part of her identity is relevant to the extent that she is not compromised by having worked for the secret police. Authoritarian elites collaborated with the regime openly, and no secrets regarding this collaboration that could compromise them further exist (Elster, 2012). In contrast, members of the opposition were constantly recruited (with varying success) to serve as secret police informers as the secret police attempted to gather information on dissident activities.<sup>7</sup>

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<sup>7</sup>Without any loss of generality, the successor autocrat could be a reformed communist party member. In this case, the ideal points of both a moderate- and extreme-type opposition challenger would be on the right side of the political spectrum.

### 3.1 Formal Setup

There are four strategic players with preferences over the one-dimensional policy space  $\mathbb{R}$ : an incumbent,  $I$ , with ideal point  $x_I$ , an opposition challenger,  $O$ , with ideal point  $x_O$ , the voters represented by the median voter,  $m$ , with ideal point  $x_m$ , and a blackmailer,  $B$ , with ideal point  $x_B$ .

Politicians cannot commit to policy platforms: once in office, they do what is optimal for them.<sup>8</sup> The incumbent has policy preferences  $U_I = -|x - x_I|$ , and voters know her ideal policy  $x_I > 0$ .

The opposition leader's preferences are  $U_O = -|x - x_O|$ . While the policy preferences of the incumbent are known, the precise preferences of the opposition challenger are not. We assume that the ideal policy of the challenger is either extreme (with ideal point  $x_O^E$ ) or moderate (with ideal point  $x_O^M$ ), with  $x_O^E < x_O^M < 0$ . Neither voters nor the incumbent know with certainty the challenger's type. This uncertainty is captured by the parameter  $\theta \in (0, 1)$ , where  $P(x_O = x_O^M) = \theta$  and  $P(x_O = x_O^E) = 1 - \theta$ . We will focus on the most interesting case, when  $x_I > |x_O^M|$ ; this is the case where the incumbent would lose elections to an opposition leader known with certainty to be of the moderate type.

There is also a second layer of uncertainty concerning the opposition leader: both the incumbent and the median voter know that the opposition leader might be compromised with embarrassing material collected against him by the former security apparatus, and have *ex ante* correct expectations about the probability  $\mu$  that the challenger is compromised. The opposition leader himself knows his own type with certainty. We assume that regardless of the policy he implements, the opposition leader prefers to stay in office.

Additionally, all players are aware of a blackmailer who, if the opposition leader is compromised, is in a position to publicly disclose the compromising information. The blackmailer's policy preferences are  $U_B = -|x - x_B|$  with  $x_B < x_O^E$ .

Voters' preferences are represented by a median voter with the ideal point  $x_m = 0$  and the utility function  $U_m = -|x|$ . In addition to the policy preferences, voters suffer the cost of

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<sup>8</sup>This assumption is not necessary; it is a straightforward exercise to extend the model to allow politicians to commit to policies in a one-dimensional policy space.

$C_{KC} > 0$  if they keep a compromised leader in office and the cost of  $C_{RU} > 0$  if an uncompromised leader is removed. Without these costs, kompromat cannot be effective: without a sufficiently high cost,  $C_{KC}$ , voters would not react to the release of kompromat at all. Furthermore, unless the cost of removing an innocent and duly elected leader,  $C_{RU}$ , is substantial, voters would continue removing elected leaders that chose anything but  $x_O^M$ . Assuming that information about kompromat affects voters' welfare aligns with established political economy scholarship according to which voters are better off making electoral decisions when they have more information (Penn, 2016).

In elections following the removal of the elected leader, the new opposition leader is drawn from the same ideological type distribution as previously. Consequently, he is moderate with probability  $\theta$  and extreme with probability  $1 - \theta$ .<sup>9</sup>

The timing of the game is as follows:

## Timing

1. The incumbent chooses the regime: either transparent, in which all information is released, or non-transparent.
2. Elections take place; voters choose between the incumbent ( $I$ ) and the opposition leader ( $O$ ).
3. The politician  $P \in \{I, O\}$  that wins chooses the policy  $x_P^*$ . The choice of the opposition leader might depend on whether or not he is compromised.
4. If the winner is the compromised opposition leader, the blackmailer decides whether to release kompromat.
5. Voters update their beliefs about the winner's type based on policy choice and kompromat publication and decide whether to remove him from office.

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<sup>9</sup>The results do not change substantively after allowing the opposition leader who emerges in the new elections to be compromised: the equilibrium path in this new game is exactly the same as before. Assuming away compromised challengers in the subsequent elections simplifies the algebra considerably. Without this simplification, our game would require analyzing the possibility of infinite recursion.

6. If the winner is ousted, new elections are held with the opposition leader drawn from the same (restricted to policy preferences) type distribution.
7. Pay-offs are received.

There is no uncertainty about the incumbent’s type in our baseline model, but in Subsection 4.2, we relax this assumption. There, we demonstrate that even when choosing transparency could credibly signal the incumbent is not compromised, the incumbent may still prefer to choose non-transparency.

Our equilibrium concept is perfect (Bayesian) equilibrium (Myerson, 1990). In this equilibrium, voters form beliefs about the type of electoral winner on the basis of his policy choice and whether kompromat has been released. Among perfect equilibria, we select the one that satisfies the intuitive criterion (Cho and Kreps, 1987). Essentially, the criterion allows to eliminate equilibria that rely on awkward off-equilibrium-path beliefs (see Myerson, 1990, Chapter 5). In our model, such awkward beliefs are voters’ beliefs that the disclosure of kompromat demonstrates that the leader is uncompromised. The intuitive criterion eliminates equilibria that rely on such beliefs.

## 3.2 Analysis

The Appendix formally characterizes players’ strategy sets and beliefs in a unique Bayesian equilibrium, where politicians, whenever possible, play their dominant strategies. The intuition behind the solution is conveyed below.

We proceed backwards, starting from the final stages of the game. Suppose, first, that the opposition leader has won. If kompromat is not released, the only information that the voters can use to update their beliefs is the elected leader’s policy choice. The equilibrium selection criterion that we use requires players to use (weakly) dominant strategies whenever they are available. Thus, if the opposition politician elected into office is not compromised, he chooses  $x_O^* = x_O^i$ ,  $i \in \{E, M\}$ , his true ideal point. As detailed in the Appendix, this relies on voters’ attribution of any choice from  $\{x_O^M, x_O^E\}$  to a compromised politician. Equilibria that involve other beliefs would not survive the intuitive criterion.

However, if the elected opposition leader is compromised, he faces different incentives because the blackmailer can force him to take the extreme position. Let  $p$  denote the probability that the voters attach to the possibility that the election winner is compromised. If kompromat is released, the voters know with certainty that the elected leader is compromised ( $p = 1$ ). In this case, removal of the leader results in new elections with opposition candidates drawn from the same distribution, which is strictly preferred by the voters. If kompromat is not released but the elected politician has chosen any policy  $x$ , besides  $x_O^M$  and  $x_O^E$ , the voters also know that he is compromised, because the non-compromised politician has no incentive to choose anything but his true preferences (which are either  $x_O^M$  or  $x_O^E$ ).

For the blackmailer, it makes sense to release the kompromat against a leader who chooses the moderate position,  $x_O^M$ , as long as

$$EU_B(x_O^{new}) = -(1 - \theta) |x_O^E - x_B| - \theta |x_O^M - x_B| > -|x_O^M - x_B|,$$

where  $EU_B(x_O^{new})$  is the blackmailer's expected utility after the new election. Thus, if the blackmailer has kompromat to release against the opposition leader who has chosen the moderate position, he always does so. For the blackmailer, a lottery involving a new opposition leader who is extreme with positive probability, is strictly preferable to the certainty of a moderate policy.

The compromised politician who is elected does not want to be exposed, so he will choose either  $x_O^M$  or  $x_O^E$ . Since the blackmailer prefers the extreme policy among the two possible policy choices, the compromised politician chooses  $x_O^E$ . Otherwise, the blackmailer would release the kompromat, and voters would know with certainty that the elected leader is compromised. Thus, if the policy choice is  $x_O^M$  and the kompromat is not released, the voters know that the elected leader is uncompromised ( $p = 0$ ). If the policy choice is  $x_O^E$ , then, we can apply Bayes' formula to derive voters' beliefs that the elected leader is compromised with probability  $p = \frac{\mu}{\theta\mu + 1 - \theta}$ .

When the probability that the elected leader is compromised is  $p > 0$ , the voters' expected payoff from removing him from office is  $-(1 - p)C_{RU} + \theta x_O^M + (1 - \theta)x_O^E$ , while the expected



payoff from keeping the leader is  $x_O^E - pC_{KC}$ . Thus, the leader is removed whenever

$$p > \bar{p} = \frac{(1 - \theta)(x_O^M - x_O^E) + C_{RU}}{C_{KC} + C_{RU}}.$$

We assume that the costs are large enough to guarantee that  $\frac{\mu}{\theta\mu + (1 - \theta)} < \bar{p}$ , i.e., the elected official is not removed from office when  $p = \frac{\mu}{\theta\mu + (1 - \theta)}$ . At the same time, the leader is removed if  $p = 1$  as  $\bar{p} < 1$ .

In summary, since any policy choice but  $x_O^M$  or  $x_O^E$  reveals that the politician is compromised, in equilibrium the compromised politician chooses  $x_O^E$  regardless of his true type, the blackmailer stays silent, and voters do not remove the elected leader from office.

Consider now the previous (voting) stage, involving the median voter (with ideal point  $x_m = 0$ ). Voting for the incumbent provides the median voter with  $-x_I$ , while voting for the opposition leader results in  $x_O^M$  with probability  $\theta(1 - \mu)$  and  $x_O^E$  with probability  $\theta\mu + (1 - \theta)$ . That is, the expected utility of voting for the opposition leader if there is no transparency is

$$Eu_m(x_O^*|N) = x_O^M\theta(1 - \mu) + x_O^E(\theta\mu + (1 - \theta)).$$

Thus, if there is no transparency the median voter votes for the opposition as long as

$$u_m(x_I) = -x_I < x_O^M\theta(1 - \mu) + x_O^E(\theta\mu + (1 - \theta)) = Eu_m(x_O^*|N).$$

We can now consider when it is optimal for the incumbent to choose transparency. Empirically, this entails publishing the contents of secret police archives or implementing a lustration law that releases the portion of the secret police archives that contains materials pertaining to persons running for or holding public office. Lustration is interpreted in our model as the voter's certainty that the opposition leader running for office is not compromised. In this case, the median voter's expected utility of voting for the opposition leader is

$$Eu_m(x_O^*|T) = x_O^M\theta + x_O^E(1 - \theta),$$

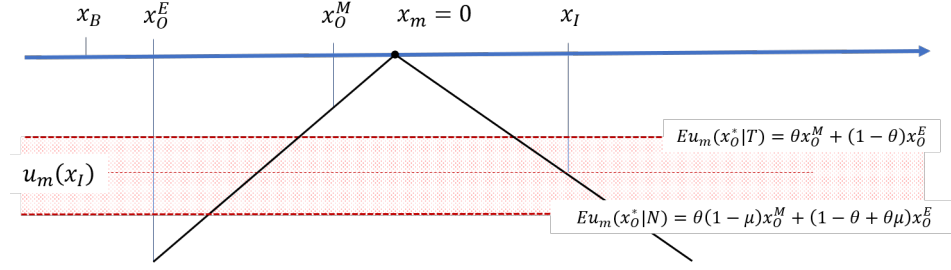


Figure 3: The median voter prefers the opposition leader under transparency, but if there is a chance that the opposition leader is compromised, she prefers the incumbent. The expected median voter's utility of electing the opposition leader under no transparency is decreasing in  $\mu$  (and in the range of parameters under which the incumbent prefers non-transparency).

and the median votes for the opposition in the transparency regime as long as

$$u_m(x_I) = -x_I < Eu_m(x_O^*|T) = x_O^M \theta + x_O^E (1 - \theta).$$

Hence, if

$$Eu_m(x_O^*|N) < u_m(x_I) < Eu_m(x_O^*|T), \quad (1)$$

the incumbent chooses the non-transparency regime as she wins under non-transparency but loses with transparency. Given the incumbent's policy preferences, she prefers winning to losing because if she wins, she implements her ideal policy. Figure 3 illustrates the consequences of the incumbent's choice.

In Figure 3, the utility of the median voter from voting for the incumbent is given by the middle dashed red line. Conditions (1) are represented by the two red lines that correspond to the payoff of the median voter from voting for the opposition under non-transparency (bottom red) and transparency (top red) line.

The conditions described in expression (1) are equivalent to the pair of inequalities

$$x_I < -x_O^M \theta (1 - \mu) - x_O^E (\theta \mu + 1 - \theta). \quad (2)$$

and

$$x_I > -x_O^M \theta - x_O^E (1 - \theta) \quad (3)$$

Consider first, condition (3): If the probability that the challenger is extreme is low ( $\theta \geq \frac{x_O^E + x_I}{x_O^E - x_O^M}$ ), then the incumbent wins under both transparency and non-transparency regimes. Now, fix  $\theta$  so that  $\theta > \frac{x_O^E + x_I}{x_O^E - x_O^M}$ . As  $-x_O^E > x_I$  by assumption, there exists  $\tilde{\mu} = 1 - \frac{x_O^E + x_I}{(x_O^E - x_O^M)\theta}(\theta) > 0$  such that for any  $\mu \in [\tilde{\mu}, 1]$ , condition (2) is fulfilled. Thus for any pair of parameters  $(\theta, \mu)$  such that  $\mu \in [\tilde{\mu}(\theta), 1]$ , the incumbent will prefer no transparency. Proposition 1 formally summarizes the above analysis.

**Proposition 1** *There exists a pair of thresholds  $\tilde{\theta}$ ,  $0 < \tilde{\theta} < 1$ , and  $\tilde{\mu}$ ,  $0 < \tilde{\mu} < 1$ , in the opposition-type space such that for any pair of parameters  $(\theta, \mu)$  where  $\theta \in [\tilde{\theta}, 1]$ , and  $\mu \in [0, \tilde{\mu}(\theta)]$ , there exists a unique equilibrium. In this equilibrium, the uncompromised opposition leader chooses his ideal point; the compromised opposition leader chooses the extreme left position  $x_O^E$ ; voters vote for the incumbent and remove the elected opposition leader from power unless his policy choice is either  $x_O^M$  or  $x_O^E$ ; the blackmailer releases kompromat unless the compromised opposition leader chooses  $x_O^E$ ; and the incumbent chooses not to implement a transparency regime.*

Figure 4 demonstrates the range of parameters  $\theta$  and  $\mu$  that satisfy conditions of Proposition 1. On the equilibrium path described by Proposition 1, the incumbent refrains from transparency and is reelected by voters. Actions and beliefs of other players are critical for supporting this equilibrium: voters prefer the incumbent, because they correctly anticipate that the opposition leader, with some probability, is compromised and, once elected, will pander to the blackmailer. Recall, that the blackmailer's equilibrium behavior is to release kompromat unless the elected politician follows his demands. Finally, the blackmailer's behavior is in equilibrium thanks to the beliefs rationally formed by voters upon observing the politician's policy choice and whether or not the kompromat is published.<sup>10</sup>

One immediate corollary of Proposition 1 is that a transparency regime, if implemented, would improve social welfare. The concern that the opposition leader might be compromised

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<sup>10</sup>Specifically, according to these beliefs, if the voters observe released kompromat, they believe with certainty that the opposition challenger is compromised. The intuitive criterion allows to get rid of bizarre equilibria, e.g., those outside the equilibrium path, in which the voters believe that the politician is uncompromised upon observing that kompromat is published.

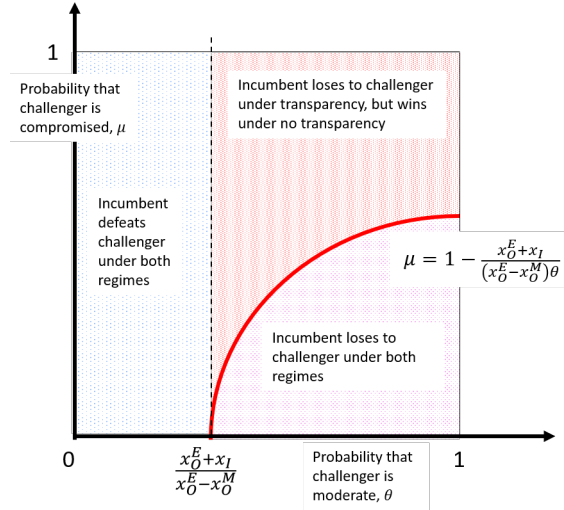


Figure 4: The election outcome as a function of the challenger types' probabilities  $(\theta, \mu)$ .

disappears under transparency. Consequently, a moderate opposition leader's victory over the incumbent is welfare enhancing. Lack of transparency produces an inferior outcome.

### 3.3 Comparative Statics

What happens when the probability that the politician is compromised increases? Does a more centrist incumbent have stronger incentives to implement a transparency regime? In this subsection, we explore the comparative statics of the model, which we later bring to data in Section 5.

Figure 3 illustrated the simple comparative statics with respect to  $\mu$ , the probability that the opposition leader is compromised. There, an increase in  $\mu$  led to a decrease in  $Eu_m(x_O^*|N)$ . In Figure 3, an increase in  $\mu$  shifted the bottom red line down: an increase in the probability that the compromised moderate opposition leader mimics the extreme type in order to avoid having exposed kompromat put more weight on  $x_O^E$ . In other words, an opposition leader more susceptible to kompromat increased the incumbent's advantage from non-transparency.

The next figure, Figure 5, addresses the question of how the location of the moderate opposition leader affects the choice of transparency regime. To see this, let  $x_O^M$  vary between  $x_O^E$  and  $x_m = 0$ . The associated expected utility of voting for the opposition when there is transparency is represented by the line AB. The line AC represents the median voter's utility for

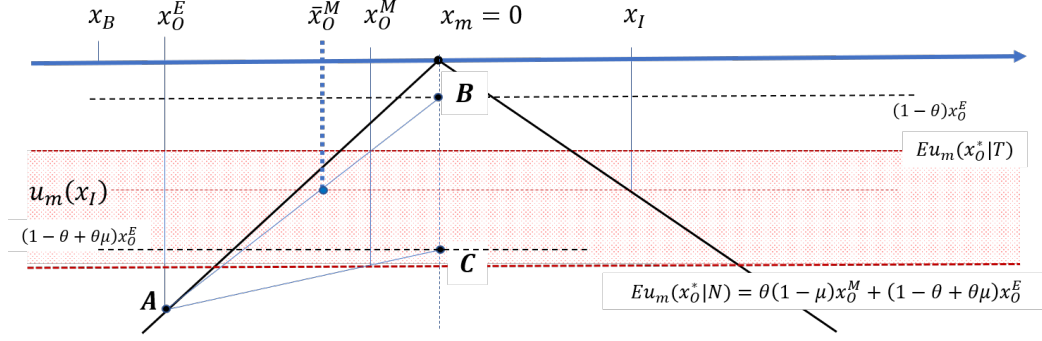


Figure 5: Comparative statics with respect to the ideal point of the moderate opposition leader,  $x_O^M$ . Under the transparency regime, the incumbent loses to all opposition challengers with moderate positions to the right of  $\bar{x}_O^M$  (represented by the dotted blue line).

voting for the opposition (also, as  $x_O^M$  varies between  $x_O^E$  and  $x_m = 0$ ) under the no transparency regime. Note that for any specific location of the moderate opposition leader, such as  $x_O^M$  in Figure 5, the lines AB and AC must intersect with  $x_O^M$  at the lines representing the expected utility of voting for the opposition under transparency ( $EU(x_O^*|T) = (1 - \theta)x_O^E + \theta x_O^M$ ) and no transparency ( $EU(x_O^*|N) = (\mu\theta + (1 - \theta))x_O^E + (1 - \mu)\theta x_O^M$ ), respectively. Consequently, the shaded red area describes the range of utilities of the median voter, in which the incumbent loses under transparency but wins without it. To the right of  $\bar{x}_O^M$ , where AB intersects the  $u_m(x_I) = -x_I$  line, the incumbent loses under transparency, but wins when there is no transparency. Hence, the dotted blue line, marks the critical position of  $x_O^M = \bar{x}_O^M$  to the right of which the incumbent will be best off stalling the implementation of the transparency regime.

The critical location of the moderate opposition (marked by the dotted blue line in Figure 5), at which the incumbent prefers non-transparency to transparency can be found analytically after setting  $Eu_m(x_O^*|N) = \theta(1 - \mu)x_O^M + (1 - \theta + \theta\mu)x_O^E$  equal to  $-x_I$  and solving for  $x_O^M$ . After solving for this expression, we arrive at the following:

**Proposition 2** *For any fixed proportion of collaborators,  $\mu$ , and probability of the opposition leader being moderate,  $\theta$ , there exists a critical location of the moderate opposition leader  $\bar{x}_O^M$  such that any  $x_O^M \geq \bar{x}_O^M$  ensures that a transparency regime will never be implemented by the incumbent.*

How does the location of the incumbent's ideal point affect her decision to implement a

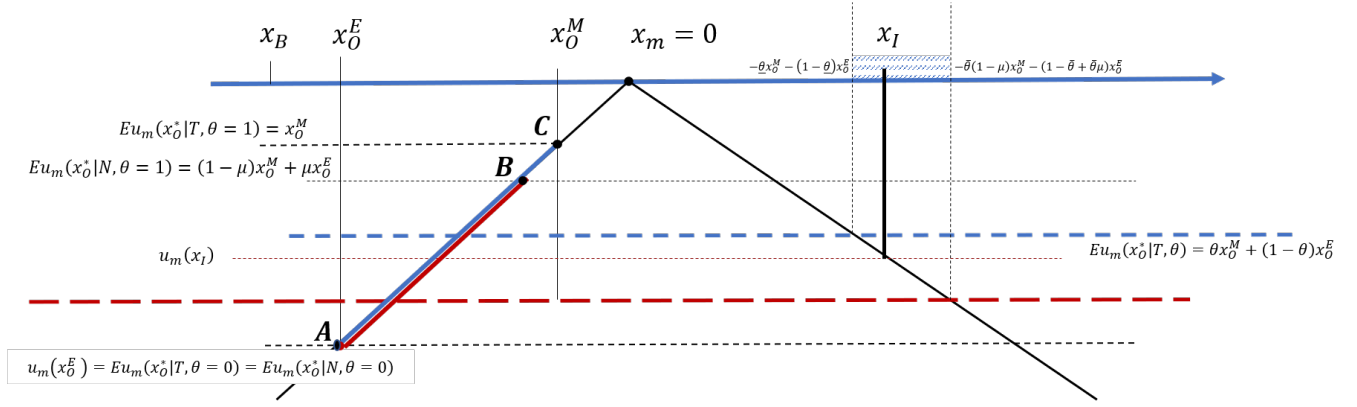


Figure 6: Transparency decisions by different types of incumbents: to the left of  $-\underline{\theta}x_O^M - (1 - \underline{\theta})x_O^E$  the incumbent wins regardless of regime; to the right of  $-\bar{\theta}(1 - \mu)x_O^M - (1 - \bar{\theta})\mu x_O^E$  the incumbent loses regardless of regime.

transparency regime? Figure 6 illustrates the logic behind the answer to this question, while Proposition 3 presents the results formally.

For the non-transparency regime, as  $\theta$  changes from 0 to 1, the median voter's payoff from voting for the opposition challenger,  $Eu_m(x_O^*|N)$ , is represented by the red line between points A and B. In the case of transparency, as  $\theta$  changes from 0 to 1, the median voter's payoff from voting for the opposition challenger,  $Eu_m(x_O^*|T)$ , is represented by the blue line running from point A to C. If in Figure 6, we fix some intermediate  $\theta$ , we can represent the median voter's payoff under the non-transparency regime with the red dashed line and under the transparency regime (that same intermediate  $\theta$ ) with the blue dashed line. To determine which decision is more beneficial to the incumbent, these payoffs are compared to  $-x_I$ , which corresponds to the median voter's utility from reelecting the incumbent. This allows us to distinguish a range of incumbent positions, where the incumbent will strictly prefer nontransparency to transparency.

Finally, we consider a comparative static on  $\theta$  and ask what is the lowest  $\theta$  at which the incumbent benefits from non-transparency relative to transparency? We can calculate this  $\underline{\theta}$  as follows.

Notice that for every  $\theta$ ,  $Eu_m(x_O^*|T, \theta) \geq Eu_m(x_O^*|N, \theta)$  and both  $Eu_m(x_O^*|T, \theta)$  and  $Eu_m(x_O^*|N, \theta)$  are increasing in  $\theta$  because the median voter is better off when it is more likely that the moderate opposition wins. Hence, there exists  $\underline{\theta}$  such that for any  $\theta > \underline{\theta}$ , the incumbent loses under transparency but wins under the non-transparency regime. This is the case because the

median prefers the lottery between  $x_O^E$  and  $x_O^M$  with probabilities  $(1 - \underline{\theta})$  and  $\underline{\theta}$ , respectively, to the incumbent's ideal point. On the other hand, to the left of the  $\underline{\theta}$ , the median prefers the incumbent under both transparency and non-transparency regimes. The specific value of  $\underline{\theta}$  is given by the solution to the expression

$$-x_I = \theta x_O^M + (1 - \theta)x_O^E. \quad (4)$$

We conclude that to the left of  $\underline{\theta}$ , the incumbent does not care for the nature of the regime, though to the immediate right of it she prefers non-transparency. In addition, there exists a  $\bar{\theta} > \underline{\theta}$  such that for every  $\theta > \bar{\theta}$ , the incumbent loses under both transparency and non-transparency because the median prefers the lottery between  $x_O^M$  and  $x_O^E$  this time with weights that include  $\mu$ .  $\bar{\theta}$  is the solution to

$$-x_I = \theta(1 - \mu)x_O^M + (1 - \theta + \theta\mu)x_O^E. \quad (5)$$

The relationship between  $\underline{\theta}$  and  $\bar{\theta}$  is given by

$$\bar{\theta} = \frac{\underline{\theta}}{1 - \mu}.$$

We notice immediately that the distance between  $\underline{\theta}$  and  $\bar{\theta}$  increases with  $\mu$ . We can use equations 4 and 5 to characterize the set of incumbents preferring non-transparency to transparency (the set represented by the three blue lines) as follows:

**Proposition 3** *Define the set  $NT^I \equiv \{x_I \mid -\theta x_O^M - (1 - \theta)x_O^E \leq x_I \leq -\theta(1 - \mu)x_O^M - (1 - \theta + \theta\mu)x_O^E\}$ . Any incumbent with  $x_I \in NT^I$  will prefer a non-transparency regime to a transparency regime. The size of the set  $NT^I$  increases with the proportion of collaborators,  $\mu$ , the distance between the potential opposition challengers, and the probability,  $\theta$ , that the opposition challenger is in fact moderate.*

An important caveat is in order here. Although it is tempting to translate the size of set  $NT^I$  into a probability of implementing a transparency regime, we want to caution against

this because incumbents with ideal points to the left of  $-\theta x_O^M - (1 - \theta)x_O^E$  win under both transparency and non-transparency regimes. In light of this, such incumbents have no particular incentives for maintaining transparency. However, incumbents with ideal points close to the median and hence characterized by  $x_I \leq \theta - x_O^M - (1 - \theta)x_O^E$ , should be more prevalent (given that they emerge victorious in elections). At the same time, incumbents with ideal points greater than  $-\theta(1 - \mu)x_O^M - (1 - \theta + \theta\mu)x_O^E$  will lose under both regimes and so do not have a preference for one over the other; such incumbents should be more rare. We conclude the baseline model by pointing out that the effect of changes in  $x_I$  is not monotonic, but is proportional to the distance between the opposition challengers.

## 4 Robustness and Extensions

In this section, we consider two extensions of our baseline model, which also serve as robustness checks. First, we show that our results do not require the assumption that the opposition leader, the target of blackmail, and the blackmailer are on the same side of the political spectrum. Second, we introduce uncertainty about the kompromat status of the incumbent, giving her an incentive to use transparency to credibly signal her innocence. In the Appendix, we consider an environment, in which the incumbent makes her choice about the transparency regime without knowing the ideal point of the median voter. None of these robustness checks change our results.

### 4.1 Heterogeneous Opposition

A potential limitation of the baseline setup analyzed above is that it assumes that the incumbent and the blackmailing security officer have ideal points on opposite sides of the median voter. Why would a former autocrat and a security officer who used to work for that former autocrat have such divergent preferences?

It is important to point out that since the period under investigation is post-authoritarian, there is no reason to expect that the ideal points of the former security apparatus worker with access to sensitive information and the incumbent should be proximate to each other.<sup>11</sup>

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<sup>11</sup>Another justification for the assumption of divergent preferences between the blackmailer and the



However, to check the robustness of our baseline model, we relax this assumption and model the blackmailer and incumbent with ideal points on the same side of the median voter.

The timing and nature of electoral competition are exactly as before with the precise preferences of the incumbent known but four cross-cutting types characterizing the opposition challenger. The position of the median voter is known and located at  $x_m = 0$ , as in the baseline model. However, in a departure from the baseline, we now assume that the ideal policy of the challenger is represented by a far left challenger or a moderate right challenger. In sum,  $x_B < x_O^L < x_I < 0 < x_O^R$ . For symmetry, the position of the incumbent is moderately left, but we still focus on the range of parameters for which the incumbent would lose elections to the right-wing type of the opposition leader. That is, assuming  $|x_I| > |x_O^R|$ .<sup>12</sup>

But for the subscripts characterising the players, the analysis is identical to the baseline model from section 3. However, the conditions previously expressed in (1) now become equivalent to:

$$-x_I < -x_O^L(\theta + (1 - \theta)\mu) + x_O^R(1 - \theta)(1 - \mu) \quad (6)$$

$$-x_O^L\theta + x_O^R(1 - \theta) < -x_I. \quad (7)$$

Beginning with (7), note that by assumption  $x_O^R < -x_I$ . Thus, there exists  $\tilde{\theta} > 0$  such that for any  $\theta \in [0, \tilde{\theta}]$ , condition (7) is fulfilled. Now, fix any such  $\theta \in [0, \tilde{\theta}]$ . As  $-x_O^L > -x_I$ , by assumption, there exists  $\tilde{\mu} = \tilde{\mu}(\theta) < 1$  such that for any  $\mu \in [\tilde{\mu}, 1]$ , condition (6) is fulfilled. Thus, for any pair of parameters  $(\theta, \mu)$  such that  $\theta \in [0, \tilde{\theta}]$ ,  $\mu \in [\tilde{\mu}(\theta), 1]$ , the incumbent will prefer no transparency. Moreover, as before, it is straightforward to see that an increase in  $\mu$  will make satisfying (6) easier for any  $\theta$  that satisfies (7). That is, we have demonstrated that the main results of our baseline model hold for a range of parameters when the blackmailer is

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incumbent identifying with the successor party is based on the work of [Greitens \(2016\)](#), in which the main threat faced by the autocrat is from members of the ruling coalition. Coup-proofing concerns incentivize autocrats to refrain from creating a centralized security agency. Instead, she creates a collection of competing agencies, frequently with overlapping jurisdictions. Under these circumstances, it is not surprising to see a blackmailer on the opposite side of the median voter relative to the incumbent.

<sup>12</sup>For scholars familiar with the post-communist cases, this set-up resembles a situation with a (“reformed communist”) as the incumbent, a security officer with hard-line preferences associated with the previous era, and a very heterogeneous opposition. Poland, Hungary, and Bulgaria in the 1990’s match this context very well.

not necessarily on the same side of the political spectrum as the victim of the blackmail.

## 4.2 A Compromised Incumbent

We now consider an extension where the incumbent, who decides on the transparency regime, might be compromised. In light of this, the choice of the transparency regime itself becomes a signal of the incumbent's type. Hence, a compromised incumbent will not choose transparency. Does that imply that an incumbent who is not compromised will implement transparency? Naive intuition suggests that opening secret police archives offers the incumbent the opportunity to differentiate herself from the compromised type and, therefore, should be the more attractive option, as voters can only improve their perception of her.

Yet we show that to the contrary: the uncompromised incumbent may too be better off without transparency, even though without transparency, voters improve their perception of her opponent. Uncompromised incumbents will balance these competing considerations. We consider this extension another robustness check of our baseline model, as it proves we do not have to assume that incumbents never have skeletons in the closet to show that uncompromised incumbents refrain from transparency.

Model uncertainty about the incumbent's type requires not only a typespace including a compromised and uncompromised type, but also a cross-cutting typespace over policy preferences. This is necessary because were citizens to observe an incumbent choosing a policy that no uncompromised incumbent would pick, they would know instantly they are dealing with a compromised incumbent. Successful blackmail requires that uncompromised incumbents be allowed to choose the same policy that a blackmailed compromised incumbent would.

We assume first, that the incumbent is one of two possible types: the first with ideal point  $x_I^M > 0$ , occurring with probability  $\alpha$ ; and the second with ideal point  $x_I^E < 0$ , occurring with probability  $1 - \alpha$ . We assume further that the incumbent is compromised with probability  $\lambda$ . Besides two modifications, the game is the same as described in our baseline model: First, the incumbent, upon winning, has to choose policy; we denote her optimal choice  $x_I^*$ . Second, the voters form their beliefs as to the type they are facing once they observe the elected politician's

policy choice, be it the opposition leader or the incumbent. As in the baseline model, we restrict our attention to the perfect equilibria that survive the intuitive criterion; when choosing policy, uncompromised politicians refrain from dominated strategies.

Our analysis proceeds backwards. If the winner of the election chooses any policy other than  $x_I^M, x_I^E, x_O^M$ , or  $x_O^E$ , voters learn with certainty that she is compromised and remove her from office. Otherwise, as in the baseline model, the politician is retained barring the publication of kompromat. Hence, there is a unique perfect Bayesian equilibrium that satisfies the intuitive criterion: the uncompromised incumbent and opposition leader, if elected, choose their respective ideal policies; the compromised incumbent, following elections, chooses  $x_I^* = x_I^E$  regardless of her policy type; the compromised opposition leader chooses  $x_O^* = x_O^E$ . Thus, under transparency, the incumbent is elected as long as  $Eu_m(x_I^*|T) = -\alpha x_I^M + (1 - \alpha)x_I^E$  exceeds  $Eu_m(x_O^*|T) = \theta x_O^M + (1 - \theta)x_O^E$ . Under non-transparency, the incumbent is elected as long as  $Eu_m(x_I^*|N) = -\alpha(1 - \lambda)x_I^M + (1 - \alpha + \alpha\lambda)x_I^E$  exceeds  $Eu_m(x_O^*|N) = \theta(1 - \mu)x_O^M + (1 - \theta + \theta\mu)x_O^E$ . A pooling equilibrium, in which both types of incumbent, the compromised and non-compromised, refrain from transparency, exists if both of the following conditions are fulfilled simultaneously:

$$\begin{aligned} -\alpha x_I^M + (1 - \alpha)x_I^E &\leq \theta x_O^M + (1 - \theta)x_O^E, \\ -\alpha(1 - \lambda)x_I^M + (1 - \alpha + \alpha\lambda)x_I^E &\geq \theta(1 - \mu)x_O^M + (1 - \theta + \theta\mu)x_O^E. \end{aligned}$$

Solving the system, we can demonstrate that there is a range of parameters  $\alpha$  and  $\lambda$ , for which there exists a pooling equilibrium. Although implementing the transparency regime is an opportunity for the incumbent to signal to voters that she is not compromised, she sometimes prefers to choose non-transparency. Non-transparency makes her less attractive to voters than transparency would, but it hurts the opposition even more. Proposition 4 states this result formally.

**Proposition 4** *There exist two thresholds  $\bar{\alpha} < 1$  and  $\bar{\lambda} > 0$  such that for any probability of extreme policy preferences  $\alpha > \bar{\alpha}$  and probability of kompromat  $\lambda < \bar{\lambda}$ , there exists a pooling equilibrium where both types of the incumbent, compromised and non-compromised, choose a*

*non-transparency regime.*

Thresholds  $\bar{\alpha}$  and  $\bar{\lambda}$  described in Proposition 4 are functions of parameters of the model, ideal points of all incumbent's and opposition leader's types  $(x_I^M, x_I^E, x_O^M, x_O^E)$ , the median voter's position, which is normalized to  $x_m = 0$ , and the probabilities that the opposition leader is moderate,  $\theta$ , or compromised,  $\mu$ .

We can also derive intuitive comparative statics predictions: the range of parameters for which the pooling equilibrium exists increases as the threshold  $\bar{\alpha}$  decreases and  $\bar{\lambda}$  increases; that is, when the probability of opposition kompromat,  $\mu$ , increases, or the extreme position of the opposition,  $x_O^E$ , shifts left. Critically, the results described in this subsection are not “limit” results: they hold for a range of parameters, further demonstrating the robustness of the baseline model.

## 5 Transparency Regimes in Post-Communist Europe

In this section, we focus on corroborating with empirical evidence a few hypotheses derived from the empirical implications of the model above.

The key expectation from our main model is that incumbent politicians who themselves are not compromised will, under fairly broad circumstances, refrain from implementing transparency regimes.<sup>13</sup> But when are politicians in office not compromised? We argue that such conditions obtained in Post-Communist Europe, where successor communist parties, that is, the former authoritarian elites, have on a number of occasions, secured enough legislative seats to lead cabinets after 1990 (the year by which a majority of these countries had transitioned to democracy), thus becoming the incumbents corresponding to our model.<sup>14</sup>

Before turning to the details of this empirical test, we briefly discuss the limitations for large- $n$  testing that our theoretical model presents. Our theoretical analysis takes place at the

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<sup>13</sup>In extensions, we also consider the case of compromised incumbents, but the most puzzling finding is that even an incumbent who herself could only benefit from transparency, by exposing collaborators among political competitors will refrain from doing so. We explain below why in our tests we concentrate on comparative statics from the baseline model.

<sup>14</sup>Grzymala-Busse (2002) argues that in Post-Communist Europe, former authoritarian elites' “usable” skills allow them to form successful successor authoritarian parties.

level of political leaders. Such leaders only have the opportunity to implement or not implement transparency regimes when in power. A change in leadership can occur every four years. We are further restricted to countries that are post-authoritarian. In addition, our model places restrictions on the kinds of cabinets that fulfill our predictions. First, they must be led by incumbents who are certain to not have skeletons; second, there must be uncertainty about the ideal point of the opposition challenger, a situation that is only possible when there are at least two such viable opposition parties. We explain below how from a set of 88 country electoral terms, the set of cases for which we can formulate precise predictions reduces to just 14 terms. This set is obviously too small to run large- $n$  regressions. At the same time, it should not excuse researchers from the pressure of providing evidence. Our medium- $n$  analysis has a clear advantage over case study analysis that “cherry picks” cases so the narrative matches the model. With this in mind, we proceed to demonstrating how the Post-communist context complies with our model’s assumptions.

First, information about collaboration with the secret police of the ancien régime does not significantly hurt former authoritarian elites: it is commonly known that members of authoritarian parties collaborated with the secret police, which in turn worked for the autocrats. Collaboration was expected of them and known. In contrast, a revelation that former dissidents worked with the secret police and denounced fellow members of the opposition can be truly damaging for these dissidents-turned-politicians’ careers, as illustrated by the case of Lech Walesa, the Solidarity trade union leader in 1980s and the president of post-communist Poland from 1990 to 1995, who was revealed to have worked for the secret political police from 1970 to 1976.<sup>15</sup>

Earlier ethnographic work carried out by one of the authors corroborates this assumption. During semi-structured interviews conducted in Poland in 2003/2004 among tens of former politicians and dissidents, many indicated that the efforts of the authoritarian security police

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<sup>15</sup>According to the files from secret police archives analyzed by two historians, Walesa was recruited by the secret police of communist Poland when he was an electrician at the Gdansk shipyard, which was long before becoming Solidarity leader. He severed the relationship with his agents and ceased providing them with any information six years before the famous strike standoff in the shipyard. Yet were Walesa still in office in 2008, when the revelations first surfaced, his career would have suffered even more dramatically than his legacy did (Cenckiewicz and Gontarczyk, 2008).

were directed at infiltrating what used to be the anti-communist opposition. Of the quotes below all but one are actually attributed to former dissidents. According to a former Minister of Interior interviewed in Warsaw, Poland, “the Secret Police was not allowed to recruit [communist] party members; that is why lustration mostly hurts the liberal opposition.”<sup>16</sup> Another respondent insisted that “the secret police was interested exclusively in recruiting dissidents who are now in the opposition.”<sup>17</sup> One respondent mentioned the presence of collaborators in the context of a question about the destruction of secret police files at the time of transition to democracy: “Of course there were collaborators among the ranks of Solidarity and the evidence is still there, because if the communists destroyed anything on their way out, it was evidence of their own involvement.”<sup>18</sup> One respondent even tried to excuse dissidents successfully recruited for collaboration by saying “Yes, the top leadership of the liberal opposition was infiltrated—there is not doubt about that, but often the recruitment itself was the effect of blackmail, not bribing them with perks.”<sup>19</sup> Finally, to the extent that the successor communists were infiltrated at all, the revelation of skeletons in the closet was by far a greater blow to members of the opposition, because “in their circles, uncovering someone as a collaborator led to deleting him or her from your Rolodex.”<sup>20</sup> Taken together, this qualitative evidence corroborates our assumptions about the close to non-existent collaboration of the successor communist incumbents with the secret police.

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<sup>16</sup>Interview conducted January 20, 2004 with former Minister of Interior, member of Freedom Union, UW at ul. Wislana 12, in Cracow, Poland, code L6 (identifying information on file with author.). All interviews cited in this paper were conducted by one of the authors in the 2003/2004 in Poland, Hungary and the Czech Republic. The research was funded by an NSF Dissertation Improvement grant and the Interview Protocol approved by the appropriate Institutional Review Board. Interviewees were informed about how their data obtained from them will be used and how their responses will be coded to preserve anonymity. The complete database with identifying information removed is available upon request from the authors.

<sup>17</sup>In February of 2004, the former communist party, SLD, was leading the cabinet coalition and hence the “opposition” in this quote indeed corresponds to the opposition from our model. This specific interview was conducted February 1, 2004 with a member of Freedom Union, UW code L7 (identifying information on file with author).

<sup>18</sup>Interview conducted February 1, 2004 in Poland, member of Freedom Union, UW, code L12 (identifying information on file with author).

<sup>19</sup>Interview conducted January 20, 2004 with former Minister of Interior, member of Polish Peoples’ Party, in Cracow, Poland, code C4 (identifying information on file with author.)

<sup>20</sup>Interview was conducted February, 4 2004 with a member of Civic Platform, PO code L9 (identifying information on file with author).

In addition, the Post-Communist context well matches the situation where both leaders of the opposition are on the same (right) side of the median voter in a general left-right policy space, with the successor communist party on the left side of the median.<sup>21</sup>

We note that in the tests below, we focus on the predictions from our main model—of the *uncompromised* incumbent, abstracting from the extension that allows the incumbent to be compromised. There are two reasons behind this decision. The first is that this is the more puzzling case: why would an incumbent who stands to benefit from a transparency regime refrain from it? This is much more puzzling than answering the question of why would a compromised incumbent refrain from transparency. The obvious alternative explanation—because he does not want to be exposed as a collaborator—is quite convincing. The question that remains is, given that we solve an extension that permits for a compromised incumbent, why not pool the data on compromised and uncompromised incumbents and broaden our universe of cases? The reason we do not do this, is that although the outcome is common in the baseline model and the extension, some key conditions for obtaining it change, involving the positioning of the opposition challenger parties. Whereas in the baseline model, the opposition challengers are on the same side of the median, in the compromised incumbent extension they are on opposite sides of the median. This means that if we were to augment our universe of cases with the set of terms allowing for a compromised incumbent, we would still have to carry out a separate set of regressions and would not have enough data to run regressions powerful enough to obtain significant results.

Jointly, these considerations led us to settle for the medium- $n$  analysis focusing on Post-Communist Europe.

The first expectation we formulate based on our model is to see fewer transparency regimes when successor communist incumbents are leading cabinets than when they are in the opposition. As a second step, we refine this expectation in line with the comparative static expressed in Proposition 2. Recall that according to this proposition, there exists a critical point in the issue space such that for any moderate leader of the opposition to the right of that point,

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<sup>21</sup>This means that to match our model, one merely needs to symmetrically flip the ideal points of all players.

the incumbent stands to benefit from a non-transparency regime over a transparency regime. Hence, we expect that as the moderate opposition leader becomes more moderate, transparency regimes become delayed or are replaced by non-transparency regimes.

As a third step, we refine this expectation in line with the comparative static expressed in Proposition 3, according to which there exists a range of incumbents that will benefit from a non-transparency regime relative to a transparency regime. This range characterizes an incumbent that is neither too moderate nor too extreme.

We illustrate these regularities with data on transparency regimes and party positions, supplemented with data on vote shares and governing status. We do not, however, illustrate all of our theoretical results. For instance, we do not test hypotheses corresponding to Proposition A3. Based on this proposition, we expect that as the proportion of collaborators among the opposition increases, the implementation of transparency regimes will be delayed, or these regimes will be replaced by a non-transparency regime. The reason we do not attempt to collect data on the proportion of former secret police collaborators among the opposition (represented in the model as  $\mu$ ) is that ultimately, this data is too difficult to find. Since the nature of this collaboration with the authoritarian regime is secret, unless a transparency regime is established, we have no evidence that collaboration took place. Hence, the comparative static with respect to the proportion of collaborators remains a purely theoretical result.

## 5.1 Operationalization of Model Parameters

In order to test the hypotheses outlined above, we propose variables to operationalize, (1) whether the incumbent has selected a transparency regime or is retaining post-authoritarian non-transparency (represented in the model by the difference in the incumbent's expected payoff under the non-transparency and transparency regimes:  $EU_I(x_O^*|N) - EU_I(x_O^*|T)$ ); (2) How moderate the opposition leader closer to the median is ( $x_O^M$  in the model); and (3) How moderate or extreme the incumbent is (represented in the model by  $x_I$ ). We limit our universe of cases to Post-Communist countries that remained under the Soviet influence from 1946 through 1989 and were later admitted to the EU: Poland, Hungary, Slovenia, Bulgaria, Estonia, Latvia,



Lithuania, Romania, Croatia, the Czech Republic, and Slovakia. We believe that the proportion of secret collaborators there should be relatively similar.

To obtain information about political parties, their positions on the general left-right dimension, their vote share, and their government status, we use the Chapel Hill Expert Survey. We collected data on party positions in electoral terms between 1991 and 2017. The total number of such party-terms was 577 in 88 electoral terms.

Of these 88, 6 terms had fewer than three parties in the electoral term<sup>22</sup>, which is necessary to apply our model. In the next step, we eliminated electoral terms where a successor communist party was not an incumbent, also to fit the conditions of our baseline mode. This stage of eliminations left 23 electoral terms during which a Post-Communist incumbent was in office.

Of these 23, further country-terms were eliminated. In Slovenia, in 1992, 1996 and in 2002 the successor communist party, ZLSD, was in the cabinet, but as a junior member and so did not have authority to unilaterally determine the transparency regime. Table A-1 in the Quantitative Appendix summarizes the 20 country-terms that survived this first stage of the case selection procedure.

The second stage of case selection takes into account not so much assumptions of the model, as the restrictions on the parameters described in our propositions characterizing the equilibria to our game. Jointly, both these stages correspond to the scope conditions of our model.

For the remaining 20 cases, for each country-term, we located the position of the incumbent and the median on the left-right dimension (based on the positions of all parties for which CHES experts were surveyed in that term), and the positions of the two opposition parties with the two highest vote shares. The opposition party closest to the median was labeled the moderate opposition, corresponding to  $x_O^M$  in the model; the opposition party farther away from the median was labeled the extreme opposition, corresponding to  $x_O^E$  in our model.

In order to account for  $\theta$ , we also record the vote shares of both opposition parties. This

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<sup>22</sup>The CHES expert survey only asks experts about the positions of the most popular parties, but for six Post-Communist electoral terms, those parties were not actually the ones to receive the highest vote share. This illustrates the more general problem with conducting tests in volatile political environments: between the time of planning the expert survey and fielding it, the party system has already changed.

exercise again led us to curtail our set of cases further and eliminate Lithuania 2002. In Lithuania in 2002, the **vote share of the moderate opposition was very low compared to that of the extreme opposition**. In light of such a low  $\theta$  (in the language of our model), the incumbent would not need a transparency regime to avoid the threat from the moderate opposition because this threat was already low. Indeed, during that term, the Lithuanian incumbents passed a lustration law; this is reflected in our data.

Next, we eliminated two cases because although the moderate opposition was moderate enough, its vote share was so low relative to that of the extreme opposition party, that comparative statics on  $\theta$ , expressed in the analysis implying Proposition 3, would lead us to moderate our expectation regarding maintaining a non-transparency regime. Indeed, in these circumstances, chances of the moderate opposition winning are so slim that the incumbent has nothing to lose from a transparency regime.

The two cases eliminated because the **moderate opposition was not moderate enough** were Lithuania 2006 and Poland 1996. In the case of Lithuania 2006, the moderate opposition was farther away from the median than the incumbent (1.23625 in contrast to 1.09625), which contradicts the assumptions of our model (the moderate opposition challenger has to be preferred by the median to the uncompromised incumbent). In the case of Poland 1996, the opposition was also not very moderate compared to the incumbent. This meant that the incumbent in all likelihood did not have to avoid a transparency regime in order to secure reelection. Indeed, in 1997, the successor communist party passed a lustration law.

Two cases that do not fit the model's restrictions because the **incumbent is too extreme** are Bulgaria 2006 and Slovakia 2017. In Bulgaria in 2006, the opposition was moderate (with a distance to the median of 0.342857), but the incumbent was extreme to the left (2.427143). According to Proposition 3 in such a situation, the incumbent loses anyway—with or without a transparency regime. This is indeed what happened; 2006 was the final year when BSP was in office. Similarly, in Slovakia 2017, the incumbent position relative to the median was so extreme (distance to median 2.98) compared to the moderate opposition's position relative to the median (distance to median .18), that the incumbent would lose anyway—with or without

a lustration law.

Finally, there is the case of **Hungary 2002**, where the successor communist Hungarian Socialist Party (MDSz) embarked on a transparency regime campaign despite our predictions that it should refrain from doing so. Yet, the motivation behind Hungary’s lustration law was very specific. Early in 2001, after the Hungarian Socialist Party secured an electoral victory, Magyar Nemzet, a leading Hungarian daily, broke the news that Peter Medgyessy, the newly appointed Prime Minister, had collaborated with the secret police under communism. While this was true, in order to clear his name—or rather, to present his collaboration in a more favorable light—his party passed a law exposing all collaboration with the secret police by other politicians. Following the revelations, as predicted, Medgyessy’s act indeed appeared less controversial.

After eliminating from consideration these 6 additional cases, Figure 7 summarizes the 14 that comply with the scope conditions of our predictions. The sub-figure headings feature the country name, year of the electoral term, and the difference in transparency regime severity between terms when the incumbent was the successor communist party and when a different incumbent was in office. The data used to create this figure are provided in the empirical appendix and the online appendix with careful documentation of the basis for each elimination.

The source of our key dependent variable—the change in transparency from a more transparent to a less transparent regime—is the GTJD. The GTJD is a time series created for 84 countries that transitioned to democracy from authoritarianism or civil war between 1946 and 2016.<sup>23</sup> More specifically, to measure the level of transparency, we use GTJD’s “severity of lustration” (described in the Quantitative Appendix). We measure the severity of lustration in the four-year intervals that correspond to the CHES survey intervals. These severity scores are then compared to equivalent severity scores during periods when post-authoritarian incumbents were out of office (by taking the average). **A finding consistent with our model’s predictions is a severity score that is lower when the successor communist party is**

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<sup>23</sup>Figure A-1 in the Quantitative Appendix reports lustration severity for those countries in the GTJD that had a score greater than zero and describes the measure in greater detail in reference to this figure. Among them, are our 11 Post-Communist countries alongside 50 other countries that transitioned from authoritarian rule (excluding the post-conflict states).

## **the incumbent.**

The results are summarized in Figure 7. Recall from our case selection procedure described above that after accounting for scope conditions: the assumptions of the model and the conditions on parameters described in the propositions—such as the effects of  $\theta$ , the probability that the opposition is moderate rather than extreme, and the effects of the location of the moderate opposition vis á vis the location of the incumbent—we are left with fourteen cases that are fully compliant with the conditions of our model. Of these cases, represented in Figure 7, the severity of transparency was strictly lower when successor communist incumbents were in office in eleven country-terms (signified by negative number next to the country term identifier above the figure) and was exactly the same when successor communist incumbents were in office in three country-terms (signified by zero next to the country term identifier above the figure).

In its totality, the empirical evidence suggests that uncompromised successor communists protect from exposure heroes of the democratic transition who collaborated with agents of the former security apparatus. The theory we offer suggests that they do so not out of respect for the dissidents' contributions to democracy but because the suspicion of being compromised better serves their electoral prospects. This explanation is more general than strategic preemption (Kaminski and Nalepa, 2014) or the “slippery slope” hypothesis (Rowen, 2017), whereby lustrations and truth commissions would morph into punitive forms of TJ that could hurt successor autocrats.

## **6 Conclusion**

Among elites who sustained the former authoritarian regime are persons whose involvement in it is known, such as high ranking officials of authoritarian parties, and those whose involvement is unknown, such as secret police informers and people who spied on their friends, family, and co-workers.

Transparency regimes are called for in a new democracy because not all forms of authoritarian dominance are as commonly known as repression (Tyson, 2016). In many instances, the very acts that sustained the authoritarian regime were secret collaboration (Blaydes, 2010),

cooptation (Magaloni, 2006), and sabotage (Dragu and Przeworski, 2019). Hence, another important way of dealing with the past is through the disclosure of such actions and the revelation of the identities of collaborators, spies, and saboteurs.

Transparency regimes are often left out of classical critiques. When Huntington (1993) says that “even if a moral and legal argument could be made for prosecution, this would fall before the normative imperative of creating a stable democracy,” he implicitly assumes that TJ cannot be democracy-enhancing. In other work, Huntington (1993) maintains that sometimes “amnesty ... is necessary to establish a new democracy on a solid basis.” Classical contributors to the literature on democratization and regime transitions follow suit: Snyder and Vinjamuri (2004) argue that “the prosecution of perpetrators of atrocities according to universal standards risks causing more atrocities than it would prevent, because it pays insufficient attention to political realities.” Holmes (1994) calls some forms of TJ “witch hunts.” Cepl (1992) refers to such acts as “ritual sacrifices.” Implicit in this classic literature is an understanding of TJ as a punitive process. Born out of this understanding is the use of the term “retroactive justice” as synonymous with TJ (Rev, 2005).

In contrast to this conventional wisdom, this paper shows that transparency regimes improve the quality of representation by bringing policy proposals closer to the preferences of the median voter than non-transparency regimes would. In addition, transparency regimes are less costly than punitive or compensatory forms of TJ. Given this win-win quality, why are they so rare? Revealing the truth on secret authoritarian legacies should be easier than holding trials of perpetrators of human rights violations, compensating victims for harm they suffered, or for property expropriated from them. Yet, in the aftermath of transitions to democracy, we see considerably fewer attempts to lustrate and create truth commissions than to implement trials and purges.

This is puzzling in light of the fact that some political actors should stand to gain from revealing skeletons in the opposition’s closet (specifically, these are the actors not tainted by *kompromat*). In this paper, we present a mechanism that accounts for the delay or even absence of transparency regimes. Our argument rests on the electoral advantage that uncompromised

incumbents gain when they allow compromised challengers to be blackmailed by those who threaten to reveal *kompromat*. Simply put, there is an advantage to having voters believe that any opposition politician might be compromised.

We show that non-transparency regimes are more likely to persist when the proportion of collaborators from the former authoritarian regime is large and as the moderate opposition challenger moves closer to the median voter and is more likely to include secret police collaborators. The first result is robust to changing the structure of the players' ideal points, and both are robust to introducing uncertainty around the specific location of the median. Moreover, our results do not even require that the incumbent be completely free of skeletons in the closet.

This paper simultaneously identifies a reliable (for improving the quality of democratic representation) transitional justice mechanism—transparency regimes—and explains why they are so rare. If one were to agree that countries with most collaborators are most in need of transitional justice, our conclusions are that countries needing transparency most are also least likely to get it.

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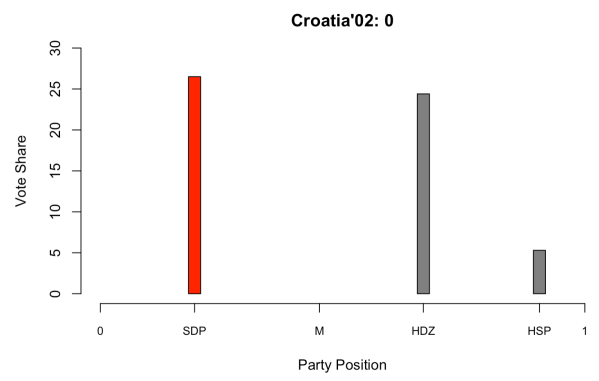
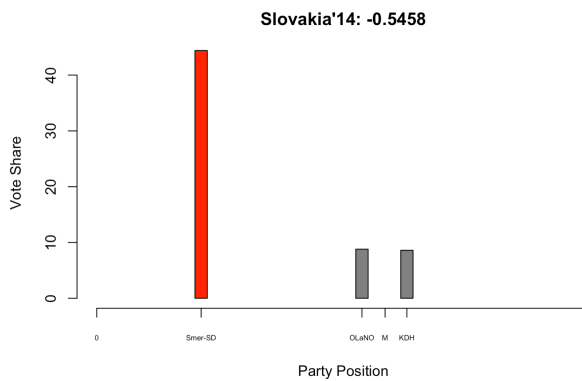
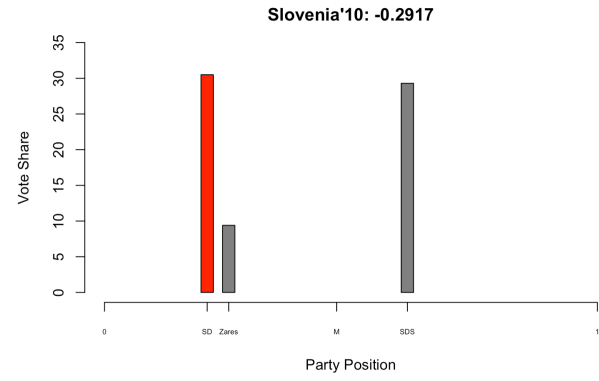
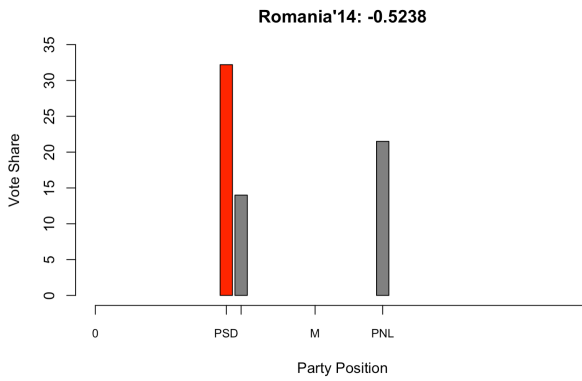
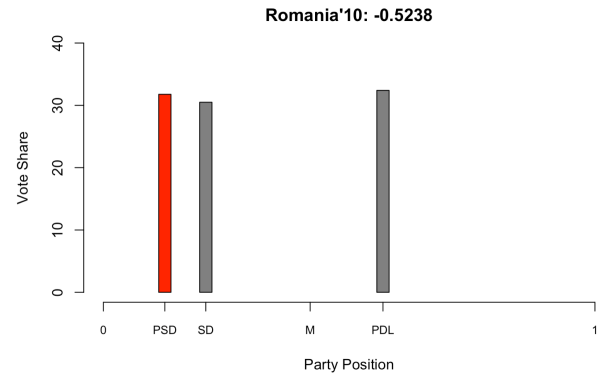
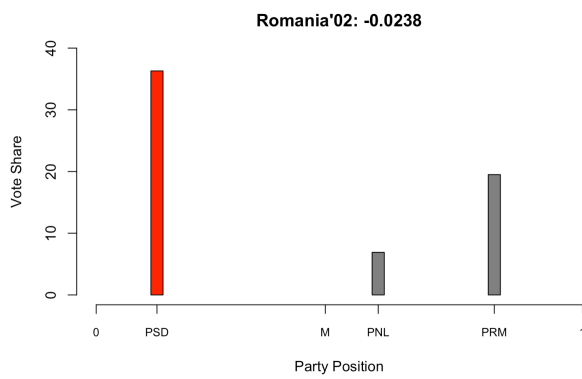
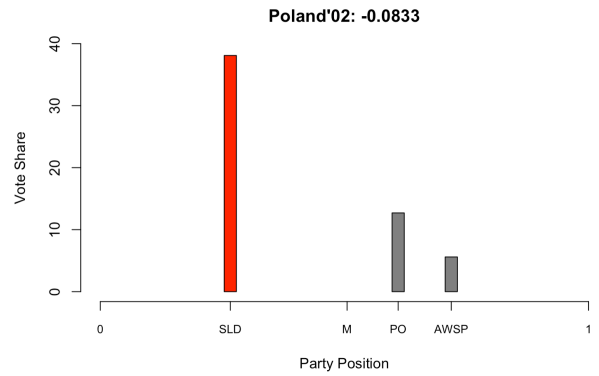
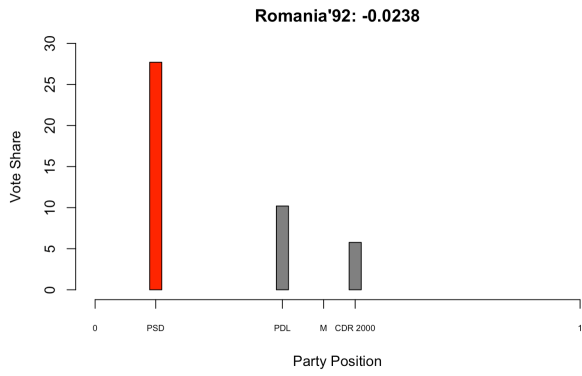
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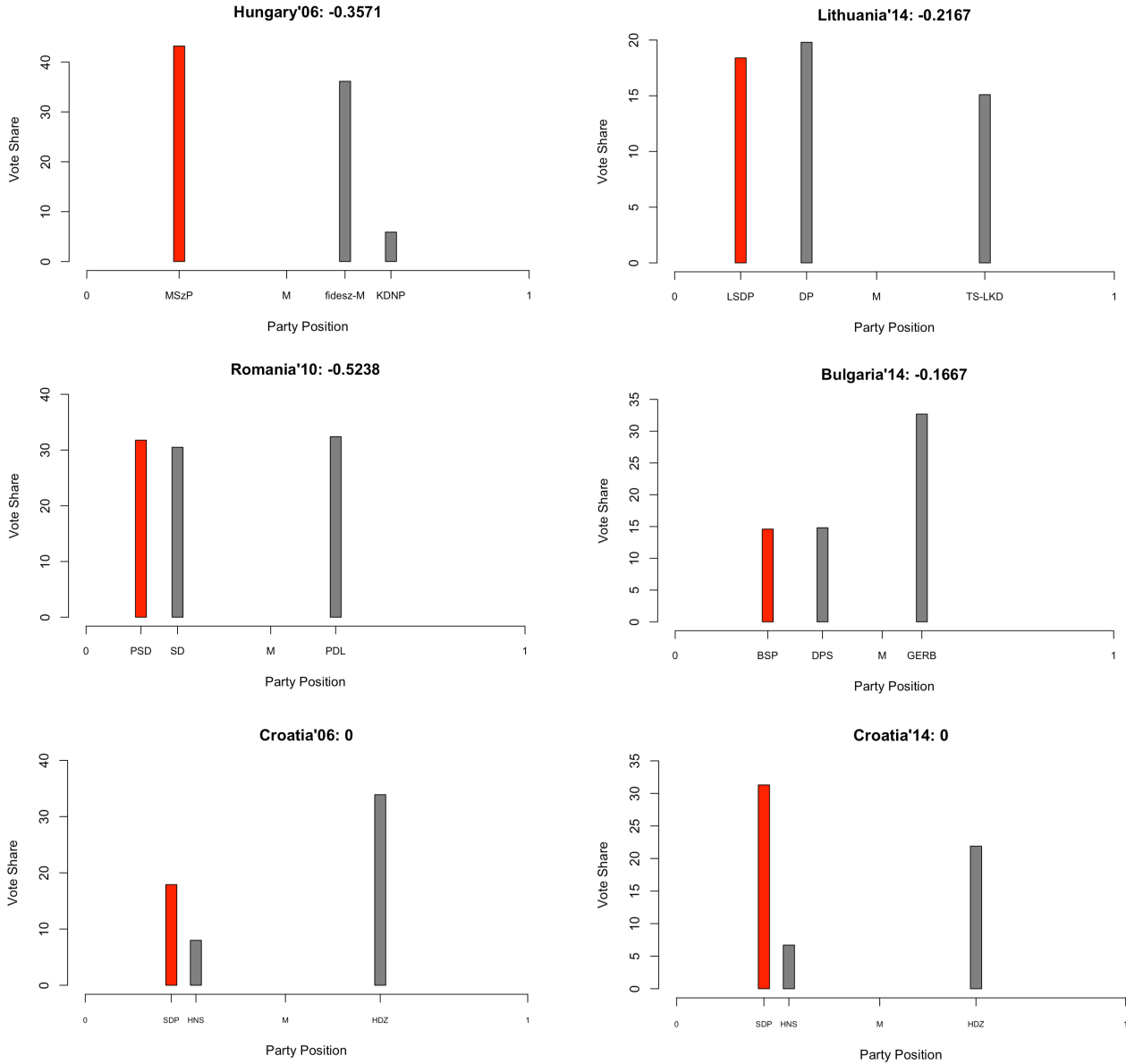


Figure 7: Vote shares and locations in the general left-right policy space of successor communist incumbents (in red, to the left of the median, M) and two opposition challengers: in grey, moderate and extreme

# Online Appendix

## Formalities of the Baseline Game.

The set of **Players** is  $\{I, O, m, B\}$ , the incumbent, the opposition leader, the median voter, and the blackmailer respectively. The ideological type of the opposition player,  $P = \{E, M\}$ , is unknown to anyone but the  $O$  himself; for others,  $Pr(x_O^M) = \theta$ . In addition,  $O$  may be compromised: let  $k \in \{K, U\}$  represent the presence or absence of kompromat.  $B$  and  $O$  know the value of  $k$ ; for others,  $Pr(k = U) = \mu$ .

Players have ideal points  $x_B, x_O^E, x_O^M, x_m, x_I$  in  $\mathbb{R}$ , the policy space, and we assume that  $x_m = 0$ ,  $x_B < x_O^E < x_O^L < 0 < x_I$  and that  $x_I > |x_O^M|$ .

Players' **strategies** are defined as follows:

$S_I = \{T, N\}$ , where  $T$  refers to a transparency regime and  $N$  refers to a non-transparency regime, is the strategy set of the incumbent;

$S_O = \{P \times K \rightarrow \mathbb{R}\}$  is the strategy set of the opposition challenger;

$S_m^E = \{\{T, N\} \times \{K, U\} \rightarrow \{I, O\}\}$  is the voters' strategy set at the elections stage;

$S_B = \{R \rightarrow \{\text{Kompromat Released, Kompromat Not Released}\}\}$  is the blackmailer's strategy set (which is conditional on the elected opposition leader being compromised);

$S_m^R = \{\mathbb{R} \times \{\text{Kompromat Released, Kompromat Not Released}\} \rightarrow \{\text{Remove, Not Remove}\}\}$  is the voters' strategy at the removal stage, which maps the policy space into removal decisions.

**Preferences** are Euclidean and given by  $u_i(x) = -|x - x_i|$ , where  $i = I, M, B$ . For  $O$ , the utility function is given by  $u_O(x) = -|x - x_O^T| - F \times \mathbb{I}_{\text{removed from office}}$ , where  $F > 0$  is disutility large enough so that the opposition leader prefers to depart from the ideal policy rather than be removed from office. In addition, voters ( $m$ ) suffer disutility of  $C_{RU} > 0$  if  $k = U$  and the politician is removed from office, and disutility of  $C_{KC} > 0$  if  $k = K$  and the politician stays in office.

## The Equilibrium Formalities

Proposition 1 describes the following **perfect Bayesian equilibrium**.

- $s_I^* = N$ ,
- $s_m^{E*} = (\text{Vote for } I \text{ if } s_I^* = N, \text{ Vote for } O \text{ if } s_I^* = T)$ ,

- $x_O^* = \begin{cases} x_O^E & \text{if } k = K \text{ and } P = M, \\ x_O^E & \text{if } P = E, \\ x_O^M & \text{if } P = M \text{ and } k = U, \end{cases}$
- $s_B^* = \text{Release kompromat if and only if } O \text{ is elected, } k = K, \text{ and } x_P^* > x_O^E.$
- $Pr(k = K | x_P^* = x_O^M) = 0,$
- $Pr(k = K | x_P^* \notin \{x_O^E, x_O^M\}) = 1,$
- $Pr(k = K | x_P^* = x_O^E) = \frac{\mu}{(1-\theta)+\mu\theta},$
- $s_m^{R*} = \text{Remove if } Pr(k = K | x_O^*) > \bar{p} = \frac{(1-\theta)(x_O^M - x_O^E) + C_{RU}}{C_{KC} + C_{RU}};$  Not remove, otherwise.

## Proofs

Let us prove that the strategy profile described in Proposition 1 with players' beliefs specified above is a perfect Bayesian equilibrium.

We proceed backwards. In any SPNE, the last decision-maker is voters deciding whether or not the politician should be removed following the kompromat release.

If the probability that the elected leader is compromised is  $p > 0$ , the expected payoff of the removal is  $-(1-p)C_{RU} + \theta x_O^M + (1-\theta)x_O^E$ , while the expected payoff of keeping the leader is  $\max\{x_O^M, x_O^E\} - pC_{KC}$ . Thus, the voters remove the leader whenever  $p$  exceeds the threshold  $\bar{p} = \frac{(1-\theta)(x_O^M - x_O^E) + C_{RU}}{C_{KC} + C_{RU}}$ .

By assumption, the cost of removing an elected leader who is known to be uncompromised is large enough to guarantee that  $\frac{\mu}{\theta\mu + (1-\theta)} < \bar{p}$  (as  $\bar{p}$  is approaching one when  $C_{RU}$  approaches infinity; in other words, there exists a certain threshold  $\overline{C_{RU}}$  such that the result is true for any  $C_{RU} > \overline{C_{RU}}$ ). This guarantees that the elected official is not removed from office when  $p = \frac{\mu}{\theta\mu + 1 - \theta}$ , i.e., when the kompromat is *not* released and the voters' posterior is equal to their prior (conditional on the event that the elected is either extreme or compromised moderate).

At the same time, the leader is removed if  $p = 1$  as  $\bar{p} < 1$ . In the equilibrium described in Proposition 1, when the kompromat is published,  $p = 1$ , so the leader is removed.

Also, this equilibrium specifies voters' beliefs in such a way that when the elected leader chooses  $x_P^* \notin \{x_O^E, x_O^M\}$ , the voters know ( $p = 1$ ) that the politician is compromised, and remove him from the office. Thus, we have checked that the strategy set coupled with beliefs as specified in Proposition 1 is a perfect Bayesian equilibrium.

Next, we demonstrate that the equilibrium is a unique PBE that satisfies the Intuitive Criterion (Cho and Kreps, 1987). We start with a straightforward observation that in any perfect Bayesian equilibrium, the compromised politician must pool with (some type of) an uncompromised one. Otherwise, the posterior probability that the politician is compromised is 1 because of sequential rationality; as demonstrated above, if  $p = 1$ , voters remove the politician from office. Thus, separating from an equilibrium strategies of uncompromised types cannot be a best response by a compromised type. This is stated formally as follows.

**Lemma A1** *In any PBE, the equilibrium policy choice of any compromised politician coincides with an equilibrium choice of an uncompromised one.*

An equilibrium of a signaling game satisfies the Intuitive Criterion (Cho and Kreps, 1987) if for any message  $\pi$  never sent on the equilibrium path, and if  $\pi$  is equilibrium-dominated for some types of the sender, but not others, the equilibrium beliefs must place zero weight on senders for whom the message is equilibrium-dominated. To see this, consider an equilibrium in which some types of the sender pool on a message,  $m$ . If there exists another message,  $m'$ , such that some of the types that pool would never send it regardless of the beliefs that would follow from their action, while other pooling types would send  $m'$  if the beliefs are appropriately favorable to them, then an equilibrium involving such strategies fails the intuitive criterion. In our game, the choice of the policy serves as a signal, so the elected leader is the sender and voters are the receiver in the signaling game.

The application of the intuitive criterion allows to rule out the equilibria in which the uncompromised politicians refrain from choosing their optimal policies, because the equilibrium beliefs are such that if they do, they are believed to be compromised. By Lemma A1, any such equilibrium would feature pooling of a compromised and uncompromised politician on a certain policy  $x^*$ . Let us start with the case that both the moderate and extreme uncompromised politicians pool with a compromised one on  $x^*$ ,  $x^* \notin \{x_O^E, x_O^M\}$ , and  $x_O^E < x^* < x_O^M$ . Then, for the uncompromised extreme politician switching to  $x_O^E$  is preferable, provided that he is believed to be the uncompromised type. At the same time, for the uncompromised politician,  $x_O^E$  is equilibrium-dominated. Therefore, any such equilibrium fails the intuitive criterion. Similarly, one could consider cases of any  $x^* \in \mathbb{R} \setminus \{x_O^E, x_O^M\}$ . Therefore, we proved the following lemma.

**Lemma A2** *In any PBE that satisfies the intuitive criterion, the set of equilibrium outcomes is  $\{x_O^E, x_O^M\}$ .*

This leaves us, hypothetically, with a possibility of an equilibrium, in which the compromised and uncompromised extreme leaders pool on  $x_O^E$ , while the compromised and uncompromised moderate leaders pool on  $x_O^M$ . The intuitive criterion would not help to refine it away. However, such choices cannot be a part of a perfect equilibrium in the whole game as releasing the kompromat after the compromised moderate chose  $x_O^M$  is optimal for the blackmailer, provided that voters remove the compromised politician as they do in any subgame perfect equilibrium. Then, for the compromised moderate, it cannot be an equilibrium strategy to choose  $x_O^M$ . This observation, together with Lemma A2 shows that the PBE of Proposition 1 is unique.

## The Case of Uncertain Median

In the baseline model, we assumed that the position of the median voter is known *ex ante*. In this section, we relax this assumption and define the ideal point of the median voter,  $x_m$ , by a random variable distributed uniformly over  $[-\frac{1}{2\delta}, \frac{1}{2\delta}]$ .

We start by calculating the probability that the opposition wins, given the parameters of the model, for both transparency and non-transparency regimes. In the model with uncertainty, the consequences of a transparency regime on the incumbent's re-election prospects are probabilistic. However, for a range of parameters, the incumbent still prefers non-transparency. This model can hence be interpreted as a robustness check on our main result that uncompromised incumbents protect compromised politicians by shielding them from transparency legislation that would expose skeletons in their closet.

Assume, as before, that  $x_B < x_O^E < x_O^M < 0 < x_I$ ; assume also that  $x_m \sim U[-\frac{1}{2\delta}, \frac{1}{2\delta}]$ , which implies that for any given  $x$ , the probability that  $x_m < x$  is given by  $F(x) = \delta x + \frac{1}{2}$ . We will assume that  $\delta$  is large enough that  $x_O^M < -\frac{1}{2\delta} < 0 < \frac{1}{2\delta} < x_I$ .

Since the order of play is the same as before, the analysis of the median voter's and blackmailer's decisions will be the same as in the previous section. That is, the voters upon observing that kompromat has been released remove the elected leader; otherwise, they base their decision on the elected leader's policy choice. The blackmailer in turn, does not reveal kompromat if  $x_O^* = x_O^E$ , but reveals it whenever it is in his possession and  $x_O^* = x_O^M$ .

Recall, as before, that for the uncompromised politician, choosing anything but his ideal point is dominated by choosing his ideal point. Given this, in the equilibrium we construct, the compromised politician must select a policy from the set  $\{x_O^E, x_O^M\}$ . For any other values and beliefs, other policy choices can never be a part of an equilibrium that satisfies the intuitive criterion. Because his ideal point would cost the moderate compromised politician his office, he



chooses  $x_O^* = x_O^E$ . The extreme compromised opposition leader is free to choose his ideal point. Hence, all compromised politicians choose  $x_O^* = x_O^E$  regardless of type.

Under a non-transparency regime, the median voter votes for the opposition if and only if

$$x_m < \frac{x_I + x_O^M \theta (1 - \mu) + x_O^E (1 - \theta + \theta \mu)}{2}.$$

Thus, the probability that the opposition wins under the non-transparency regime is

$$P^{NT} = \frac{1}{2} + \frac{x_I + x_O^M \theta (1 - \mu) + x_O^E (1 - \theta + \theta \mu)}{2} \delta.$$

To find how the median votes under the transparency regime, we simply set  $\mu = 0$  in the above expression, which implies a probability of defeating the incumbent under transparency of

$$P^T = \frac{1}{2} + \frac{x_I + x_O^M \theta + x_O^E (1 - \theta)}{2} \delta.$$

The probability of losing under transparency is higher:  $P^{NT} > P^T$  whenever  $\mu > 0$ .

If the incumbent wins, her utility is equal to zero. Hence, the remaining task is to calculate her expected utility conditional on losing under the transparency and non-transparency regimes:

$$\begin{aligned} EU_I(x_O^*|NT) &= -(x_I - x_O^M)\theta(1 - \mu) - (x_I - x_O^E)(1 - \theta + \theta\mu), \\ EU_I(x_O^*|T) &= -(x_I - x_O^M)\theta - (x_I - x_O^E)(1 - \theta) \end{aligned}$$

(here, the expectation is taken with respect to the opposition politician's type). Clearly, the incumbent would prefer losing under transparency to losing under non-transparency, as under the transparency regime, she is more likely to lose to the moderate opposition.

Now, the expected utility of the incumbent under the non-transparency regime is

$$\begin{aligned} EU_I(NT) &= P^{NT} \times EU_I(x_O^*|NT) \\ &= \left( \frac{1}{2} + \delta \frac{x_I + x_O^M \theta (1 - \mu) + x_O^E (1 - \theta + \theta \mu)}{2} \right) (-(x_I - x_O^M)\theta(1 - \mu) - (x_I - x_O^E)(1 - \theta + \theta \mu)). \end{aligned}$$

and under the transparency regime is

$$\begin{aligned} EU_I(T) &= P^T \times EU_I(x_O^*|T) \\ &= \left( \frac{1}{2} + \delta \frac{x_I + x_O^M \theta + x_O^E (1 - \theta)}{2} \right) (-(x_I - x_O^M)\theta - (x_I - x_O^E)(1 - \theta)). \end{aligned}$$

When does the incumbent choose transparency? There is a trade-off because while the probability of winning is higher under non-transparency, the incumbent prefers losing under transparency to losing under non-transparency.

The incumbent's preference for non-transparency,  $EU_I(NT) \geq EU_I(T)$ , boils down, after simplification, to a condition on the probability that the opposition leader is compromised:

$$\mu \geq \bar{\mu} = 2 - 2 \frac{-x_O^E + \frac{1}{2\delta}}{\theta(x_O^M - x_O^E)}. \quad (\text{A1})$$

Proposition A3 states formally the existence and comparative statics results for the case of an uncertain position of the median voter.

**Proposition A3** (i) *For any incumbent's ideal point  $x_I$ , opposition ideal points  $x_O^M$  and  $x_O^E$ , and the probability of the opposition being moderate  $\theta$ , there exists a critical probability that the opposition leader is compromised,  $\bar{\mu} \geq 0$ , defined in (A1) such that for any  $\mu \geq \bar{\mu}$ , the incumbent will prefer to refrain from a transparency regime.*

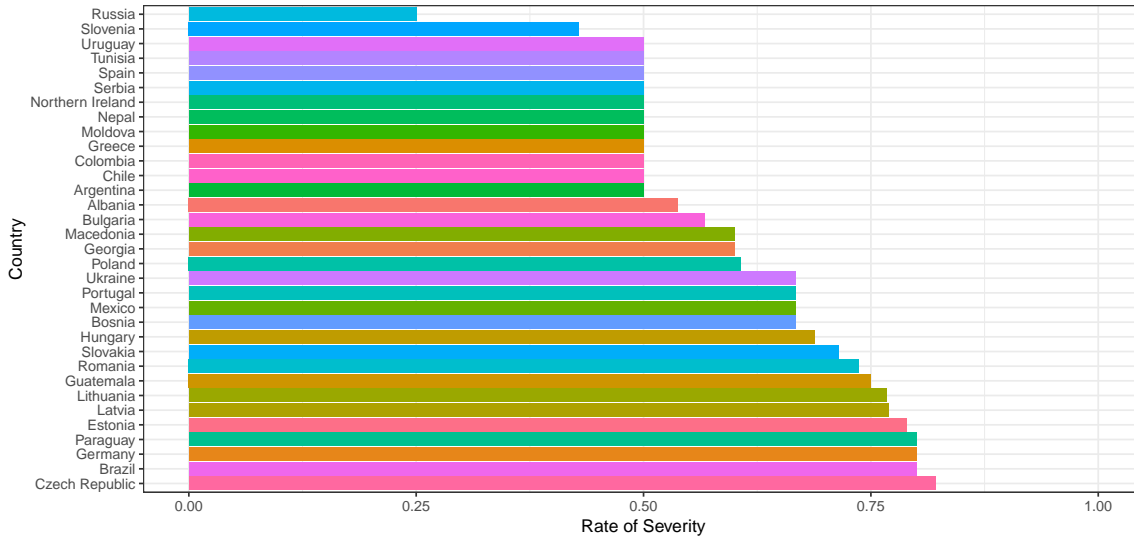
(ii) *The threshold  $\bar{\mu}$  is increasing, making the range for transparency regime parameters wider, with the probability that the challenger is moderate,  $\theta$ , and the uncertainty regarding the median voters' ideal point ( $\delta$ ). As the distance between  $x_O^M$  and  $x_O^E$  increases, the range for transparency regimes becomes narrower.*

The first part of Proposition A3 states that for higher levels of compromised opposition challengers, the incumbent will prefer non-transparency. Hence, relaxing the assumption that the median voter's position is known does not weaken the result demonstrated earlier: the more compromised politicians there are, the less likely we are to see a transparency regime put in place. The fact that the more likely it is that the opposition is compromised, the higher the chances that moderate leaders will behave like extreme leaders and make themselves unattractive to the median, preserving the incumbency advantage is theoretically intuitive. Yet the robustness of this result is disturbing from a normative point of view. When there is a greater number of compromised politicians in the political system, the need for transparency is greater, but it is under these precise circumstances when compromised politicians are left unexposed.

The second part of the proposition describes what affects the critical level of kompromat above which the incumbent will choose non-transparency. What increases the threshold is the proportion of moderate opposition challengers; what decreases the threshold is uncertainty around the median. These comparative statics results are also intuitive. When there is a higher

proportion of moderate opposition challengers, the median voter sacrifices more by reelecting the incumbent (recall that he prefers by assumption a moderate opposition challenger to the incumbent as long as he is not compromised). At the same time, an increase in the distance between the two opposition challengers decreases the threshold, which makes non-transparency more prevalent. This is intuitive as the fall out from compromised politicians is more dramatic when the swing to mimic the extreme opposition challenger is greater. The incumbent exploits the median voter's fear that voting for the opposition might place policy considerably further away from the median voter's ideal point.

Figure A-1: Severity of lustration  
Severity Measure for Lustration Events



## Quantitative Appendix

This Appendix explains how the severity score in figures A-1 and 7 is used for testing our hypotheses. Our severity scores were originally developed by Ang and Nalepa (2019) as a measure of TJ intensity. This variable provides a transparency score between 0 and 1 for each of the 61 post-authoritarian countries presented above in figure A-1. It was created by coding as an annual panel all lustration-related events, taking into consideration whether they move the transparency process forward (positive events, represented by  $P$ ) or backward (negative events, represented by  $N$ ). It is defined as

$$S = \frac{\sum_{T=0}^N P_T}{\sum_{T=0}^N (P_T + N_T) + 1}$$

where  $T = N$  is 2016 or the last year of the democratic spell before the country's reversal to authoritarian rule,<sup>24</sup> and  $T = 0$  is the first year following the country's transition.

$S$  assumes the value of zero when a country has no positive TJ events or when a country has had exactly as many positive events as negative events. The measure will approach the value of 1 as more events are positive relative to all events; it will approach 0 as more events in the dataset are negative. Figure A-1 shows that there is considerable variation among transparency regimes across Post-Communist cases, from low values of severity in Slovenia and Croatia (the latter is not even listed, as it had zero lustration events, and cases with severity of zero have

<sup>24</sup> $N$  need not be the same as 2016, as illustrated by the case of Thailand with a military coup in 2014.

been omitted from the figure) to high values in Estonia and Latvia, which have some of the most extreme severity scores of all post-authoritarian states.

Additionally, Figure A-1 illustrates why collecting transparency regime data as a time series is justified. Transparency regimes may be implemented in the immediate aftermath of transition (Elster, 2004), but they may also be significantly delayed. Indeed, the presence of countries with delayed TJ in the figure indicates just how much information would be sacrificed by ignoring transparency regimes implemented decades following the transition.<sup>25</sup>

To arrive at the severity scores used in figure 7 and reported below in table A1, calculated term-level severity scores for each of the fourteen (twenty) country-terms using only the positive and negative events in that term. That allows us to assign an independent lustration intensity score for each term and compare the ones with a post-communist successor incumbent to ones without a post-communist successor incumbent. Our expectation is that the severity score will always be lower under successor post-communist incumbents.

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<sup>25</sup>Among the countries where one had to wait long for transparency regimes to be implemented are Spain, where the 1977 Amnesty Law prevented any attempts to uncover atrocities committed by the Franco regime (Aguilar, Balcells and Cebolla-Boado, 2011), and Colombia, where human rights violations associated with the civil war were not prosecuted and were kept secret long enough to warrant an open letter published in daily newspapers by the Office of the Prosecutor of the ICC. (Urueña, 2017). Similarly, in Northern Ireland, skeletons in the closet from the time of the so-called “Troubles” were sealed to remain secret as part of the peace process known as the Good Friday Agreements. Even more interestingly, these promises remained enforced even following the demobilization of the rebels and the withdrawal of paramilitaries (Rolston, 2006).

Table A-1: Severity of Transparency Regimes under Successor and non-Successor Incumbents

country	rom	pol	hun	cro	lith	rom	pol	hun	cro	lith
el. term	1992	1996	1996	2002	2002	2002	2002	2002	2006	2006
opposition position ( $x_O^M$ )	5.09	4.38	6.43	7.33	8.00	6.64	6.88	7.64	4.00	3.86
opposition party	PDL	PSL	MDF	HDZ	TS-LK	PNL	PO	Fidesz-M	HNS	DP
median ( $x_m$ )	5.77	6.04	6.04	5.62	5.51	5.77	6.04	6.04	5.62	5.10
opp. vote share	10.20	15.40	11.70	24.40	8.60	6.90	12.70	35.11	8.00	28.40
succ. position ( $x_I$ )	3.00	4.13	3.39	3.56	2.60	3.00	4.13	3.39	3.56	4.00
successor party	PSD	SLD	MSzP	SDP	LSDP	PSD	SLD	MSzP	SDP	LSDP
succ. voteshare	27.70	20.40	33.00	26.50	11.50	36.60	38.10	42.10	17.90	13.36
right position ( $x_O^E$ )	6.29	8.29	7.64	9.25	8.20	8.55	7.75	9.71	7.33	8.29
right party	CDR 2000	SP	Fidesz-M	HSP	LS	PRM	AWSP	MIEP	HDZ	TS
right vote share	5.77	7.30	7.00	5.30	17.30	19.50	5.60	4.40	33.90	14.70
$\theta$	0.64	0.68	0.63	0.82	0.33	0.26	0.69	0.89	0.19	0.66
opposition-median	-0.68	-1.66	0.40	1.71	2.49	0.87	0.84	1.61	-1.62	-1.24
median-successor	2.77	1.91	2.65	2.06	2.91	2.77	1.91	2.65	2.06	1.10
lustr. severity	0.50	0.63	0.60	0.00	0.80	0.50	0.33	0.60	0.00	0.50
avg. non-succ sev.	0.52	0.42	0.36	0.22	0.52	0.42	0.36	0.22	0.17	0.36
difference	-0.02	0.21	0.24	0.00	0.58	-0.02	-0.08	0.24	0.00	0.28
model assumptions	yes	yes	probably not	yes	yes	yes	yes	yes	yes	no
model predictions	yes	no <sup>26</sup>	no	yes	no <sup>27</sup>	yes	yes	no	yes	no

Table A-2: Severity of Transparency Regimes under Successor and non-Successor Incumbents (Continued)

country	bul	hun	rom.	sle	cro	lith	rom	slo	bul	slo
el. term	2006	2006	2010	2010	2014	2014	2014	2014	2014	2017
opp-position ( $x_O^M$ )	6.08	6.67	3.67	3.92	4.00	4.40	4.36	6.50	4.69	6.89
opposition party	NDSV	fidesz-M	SD	Zares	HNS	DP	PP-DD	OLaNO	DPS	OLaNO-NOVA
median ( $x_m$ )	5.74	5.61	5.36	5.77	5.62	5.67	5.55	6.68	5.78	6.91
opposition vote share	22.90	36.13	30.50	9.40	6.70	19.80	14.00	8.80	14.80	11.00
succ. position ( $x_I$ )	3.31	3.67	3.00	3.67	3.56	3.20	4.12	3.69	3.69	3.84
successor	KzB	MSzP	PSD	SD	SDP	LSDP	PSD	Smer-SD	BSP	Smer
succ. vote share	31.00	43.20	31.77	30.50	31.30	18.40	32.20	44.40	14.60	28.30
right position ( $x_O^E$ )	7.85	7.50	6.55	6.92	7.33	7.64	6.65	6.93	6.50	7.42
right party	DSB	KDNP	PDL	SDS	HDZ	TS-LKD	PNL	KDH	GERB	SaS
right vote share	6.40	5.90	32.40	29.30	21.90	15.10	21.50	8.60	32.70	12.10
$\theta$	0.78	0.86	0.48	0.24	0.23	0.57	0.39	0.51	0.31	0.48
opposition-median	0.34	1.06	-1.70	-1.85	-1.62	-1.27	-1.20	-0.18	-1.09	-0.02
median-successor	2.43	1.94	2.36	2.10	2.06	2.47	1.44	2.98	2.09	3.07
lustr. severity	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
avg non-succ severity	0.52	0.29		0.22	0.52	0.55	0.17	0.55		
difference	0.50	-0.36	-0.52	-0.29	0.00	-0.22	-0.52	-0.55	-0.17	-0.55
model assumption	probably not	yes	yes	yes	yes	yes	yes	yes	yes	probably not
model predictions	no	yes	yes	yes	yes	yes	yes	yes	yes	yes