Might foreign aid and oil revenues have similar effects on political regimes? Drawing upon formal modeling, cross-national statistical analysis, and in-depth case studies, my dissertation explores the relationship between patterns of government revenue generation and political regime stability. Existing research has devoted surprisingly limited attention to variations in the sources of government revenue, emphasizing instead the political impact of expenditures and/or focusing exclusively on taxes. Considering both tax and non-tax resources (the latter of which includes foreign aid and revenue from state-owned natural resource enterprises), and building on recent redistributive theories of regime change, I use formal modeling to generate testable hypotheses about the impact of revenue generation on regime dynamics in both democratic and authoritarian regimes. The central prediction is that rises (falls) in non-tax resources increase (decrease) the stability of authoritarian and democratic regimes, by reducing (increasing) redistributional conflicts in society. I test (and find evidence supporting) the implications of the theory for both redistribution and regime stability, drawing upon cross-national time-series statistical analysis as well as field research and in-depth examination of three theoretically important cases: Bolivia, Mexico, and Kenya.

The research has important implications for three bodies of literature. First, it advances the broad literature on the political economy of redistribution. The existing literature has generally assumed that government revenues are raised solely by taxation, the source of redistributitional conflict. In my dissertation, I demonstrate that this is not a plausible assumption, as non-tax revenue makes up about a quarter of government revenue on average in countries around the world, and in some countries represents the large majority of government revenue. I then show (formally and statistically) that this non-tax revenue systematically decreases redistribution.

Second, building on this insight, I advance the vast literature on democratization by developing a theory of how government revenues—both their size and their source—factor into regime change. This work builds on and extends recent influential works that have focused on formally modeling the distributional dynamics underlying regime transitions.

Finally, the research sheds light on commonalities between literatures studying different areas of the world. In particular, it argues that there are similarities between insights developed in the literature on the “rentier” state—principally regarding how oil revenues affect regime dynamics—and those developed in the literature on foreign aid and political regimes. The reason is that oil revenues and aid are important examples of a broader set of resources—non-tax resources—whose importance has been understudied. This aspect of the project may have important international economic policy implications.