

**Abstract**

This paper uses unique data from the newly-opened Soviet state and party archives on the allocation of vehicles (cars and trucks) in 1933 from the dictator's reserve fund. Given that reserve-fund distributions were made directly by the dictator, we can test two distinct models of dictatorial allocative behavior: an economic planning model and a political gift exchange model. We use censored regression and ordered probit estimation to show that the political gift exchange model is strongly supported by the data, and the economic model is clearly rejected. Moreover, we find that the model explains better those petitions that were rejected than successful petitions, suggesting that the dictator preferred unconstrained discretion in his decision-making. We argue that the dictator used gift exchanges to purchase loyalty against an independent system of market-like exchanges not controlled by the dictator.