CAPITAL AND OPPOSITION IN AFRICA
Coalition Building in Multiethnic Societies

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UNDERSTANDING the formation of multiethnic electoral coalitions remains a central concern for the research program on democracy.[1] Because the violent collapse of democracy is often associated with the deliberate politicization of ethnic cleavages,[2] the scholarship on this question has focused on identifying institutional arrangements that can facilitate interethnic accommodation among politicians who might otherwise stoke communal demands to win votes. Scholars have followed Arend Lijphart's agenda[3] by focusing their attention on the impact of electoral systems,[4] decentralization and federalism,[5] and minority rights.[6] Underlying this research is the notion that multiethnic democracy's instability is driven by the zero-sum nature of electoral competition.

But the focus on formal institutions is insufficient for understanding how multiethnic coalitions are formed in the sub-Saharan African countries that transitioned through the third wave of democratization in the late 1980s and early 1990s. These countries are among the most ethnically diverse in the world—three-quarters have no ethnic

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1 Lijphart 1969; Rothchild 1970; Nordlinger 1972; Horowitz 1985; Chandra 2004b; Posner 2005.
2 Rabushka and Shepsle 1972; Snyder 2000.
3 Lijphart 1977.
4 Reilly 2001; Fraenkel and Grofman 2006.
5 Brancati 2006.
6 Weldon 2006; Elkins and Sides 2007.

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majority[7]—but diversity alone does not determine their politics. These countries are ruled through patronage-based political systems in which coalitions have long been negotiated through informal bargaining over the distribution of state resources among multiple groups.[8] In this context, there is no mystery as to how African incumbents assemble the multiethnic coalitions needed to retain power: they strategically channel resources to politicians who can deliver the votes of their coethnics.[9] What is less evident is how opposition politicians in these countries can forge the multiethnic coalitions required to mount an effective electoral challenge to patronage-dispensing incumbents. The formation of multiethnic opposition coalitions, in short, poses a distinctive problem for Africa's democratizing countries.

Building on the literature hypothesizing a relationship between the dispersal of economic control and the emergence of democratic contestation, I present a political economy explanation for the formation of multiethnic opposition coalitions in patronage-based political systems. I argue that the relative autonomy of business from state-controlled capital impinges on the ability of opposition politicians to build electoral coalitions that bridge ethnic cleavages. Liberalizing financial reforms, in eroding the state's role as a gatekeeper for capital, enable business to underwrite the electoral coalitions of their choice. Multiethnic opposition coalitions are more likely to emerge where opposition politicians can use the resources of business to mimic the pecuniary strategy of incumbents, that is, purchasing cross-ethnic electoral endorsements.

I trace the impact of financial liberalization on the formation of multiethnic opposition coalitions through the cases of Cameroon and Kenya, which share important institutional and sociological conditions, but vary on the dependent variable. Despite facing comparable conditions, the opposition that emerged after the transition to multipartism followed distinct electoral strategies. Cameroon's opposition persistently fragmented along ethnoregional cleavages, while Kenya's opposition eventually coalesced across such cleavages. Informed by interviews I conducted with politicians and entrepreneurs in both countries, the case studies show how the availability of resource rents differently exposed incumbents to external pressure for reform, how divergent reform trajectories influenced the political alignment of business, and

[7] See Fearon 2003, 205. African countries have an average of 8.2 ethnic groups, while countries in other regions average between 3.2 and 4.7 groups.

[8] Zolberg 1966; Lemarchand 1972; Bayart 1989; Bratton and van de Walle 1997.

[9] Chabal and Daloz 1999; van de Walle 2003; van de Walle 2007.

how prevailing financial conditions then shaped interethnic-coalition bargaining among opposition politicians. This paired comparison not only helps to demonstrate the causal mechanism at work, delineating the sequencing of conditions that permit multiethnic opposition coalitions to emerge, but it also helps to address concerns of potential endogeneity.

I test the argument with original data on multiethnic opposition coalitions in executive elections held throughout Africa between 1990 and 2005. The data reveal thirty-two multiethnic opposition coalitions among eighty-five contested executive elections. These coalitions account for over half of the executive turnover seen across the region in the time period. A binomial logistic regression analysis shows that the financial autonomy of business—as reflected in the number of commercial banks and the provision of credit to the private sector—significantly influences the opposition's ability to coalesce across ethnic cleavages.

Through this combination of qualitative and quantitative approaches, I seek to contribute to the study of democratic consolidation in multiethnic societies governed by patronage-based regimes. Many of these regimes combine democratic and authoritarian traits, holding regular elections without necessarily expanding civil liberties or developing institutional constraints.[10] While political scientists find that opposition coalitions in such contexts can lead to faster democratic transitions[11] as well as greater political liberalization,[12] scholars remain unable to explain how such opposition is coordinated across social cleavages. Establishing how opposition politicians can work across cleavages may help illuminate the conditions in which democracy becomes institutionalized in multiethnic societies.

I begin by discussing the literature that attributes the emergence of democracy to the autonomy of economic elites. I then describe how the state in Africa came to dominate capital and how that dominance declined in nonrentier states under external pressure. Next, I explain how the formation of multiethnic opposition coalitions is influenced by the dependence of business on state-controlled capital. I trace the causal logic through the contrasting cases of Cameroon and Kenya. I then estimate a binomial logistic regression model of multiethnic opposition coalition formation that tests the impact of financial liberalization alongside competing hypotheses associated with institutions and cleavages.

[10] Diamond 1996; Levitsky and Way 2002; Epstein et al. 2006.
[11] Bratton and van de Walle 1997.
[12] Howard and Roessler 2006.

I conclude by discussing the theory's implications for democratic consolidation in multiethnic societies.

Economic Autonomy and Political Contestation

Democratic theorists suggest that an independent economic base is a necessary condition for imposing limits on the exercise of power.[13] This version of democracy's emergence underscores the role of economic elites, whether described as the bourgeoisie or as the business class, in bringing about its institutional features. Unlike most other societal actors, these elites have the resources necessary to organize dissent, though they do so for their own ends.[14] It has been argued that the protections associated with democracy historically emerged as a byproduct of the bargaining between state rulers needing revenue to hold onto power and elites seeking to protect their wealth.[15] Rulers could maximize their revenue by offering political rights in exchange for greater taxation,[16] which then enabled economically independent elites to impose constraints on the exercise of power.

Comparative analyses of modern regime construction indicate that leaders have countered the political threat posed by an autonomous business class through commercial and financial controls.[17] Just as Max Weber's patrimonial ruler in feudal times sought to constrain "the economic independence of the bourgeoisie" in order to achieve political supremacy,[18] twentieth-century leaders attempted to use statist economic policies to undercut the ability of business to organize politically. In contrast to earlier historical periods, however, these leaders had little need to bargain over revenue because prevailing development paradigms afforded them direct control over capital through administrative regulation or outright ownership[19] while foreign aid provided sufficient funds to sustain their regimes.[20] In this context, leaders often acquired ready-made instruments with which they could induce the political cooperation of business.

The control of capital has proven vital to regime formation and maintenance, but political scientists have paid little attention to how it

[13] Moore 1966; Dahl 1971; Riker 1982.

[14] Acemoglu and Robinson 2006 suggest, however, that rich elites may seek to forestall democratization when they fear poor masses will demand redistribution.

[15] Tilly 1992; Bates 2001.

[16] Levi 1988; North and Weingast 1989; Root 1994.

[17] Boone 1992; Chaudhry 1997.

[18] Weber 1978, 1107.

[19] Gerschenkron 1962.

[20] Bates 2001.

has influenced the most dramatic development of the last twenty-five years—the wide-scale adoption of multipartism. Scholars have shown in what ways and to what extent incumbents in such countries exploit their resource advantage to retain their hold on power.[21] Although these incumbents have manipulated an array of economic instruments to command the allegiance of business, how the organization of capital affects the incentives for business to remain allied to the status quo has yet to be established. If democracy depends on the dispersal of economic resources, as democratic theorists like Robert Dahl suggest, then one should expect the nature of electoral competition to be shaped by the material endowments of its main actors. Drawing on such insights, I argue that the emergence of multiethnic electoral coalitions in African countries—the alliances required for effective electoral competition in ethnically divided societies—has been influenced by the extent to which financial liberalization undermined the traditional business-state relationship.

Business Dependence on State-Controlled Capital in Africa

The state came to dominate capital in nearly all African countries when postindependence governments intervened in the financial sector to mobilize the resources required for national development. Motivated by the state-led development paradigms of the 1960s, African governments sought to accelerate economic growth by channeling finance capital through the use of credit controls, capital and current account restrictions, foreign exchange quotas, and subsidized loans.[22] By the end of the 1970s, the typical African government acquired a majority interest in 50 percent of the banking sector and a minority interest in another 40 percent.[23] The direct involvement of government in finance, however, also slowed the development of banking and restricted credit provision. The average number of commercial banks in African countries hardly changed over the ten-year period from 1965 to 1975—only increasing from four banks to five.[24]

The gatekeeping position that African governments acquired in finance afforded them the discretionary control needed to make the

[21] Lust-Okar 2005; Magaloni 2006; Brownlee 2007.

[22] Mehran et al. 1998.

[23] Popiel 1994.

[24] The estimates presented throughout this section for the number of commercial banks are based on data compiled by the author from annual volumes of *Africa South of the Sahara*. See Europa Publications Limited 1971–2006.

allocation of capital contingent on political allegiance.[25] Regardless of ideological orientation, governments exploited the state's role in banking to transform credit into a political privilege to be extended or withdrawn. The entrepreneurs who required credit to operate their businesses had every incentive to become allied to the regime in power. In Angola, the administrative allocation of credit and foreign exchange through state-owned banks became "one of the principal mechanisms for enrichment by the politically connected elite."[26] In Ghana, under the rule of military juntas, individuals could receive unsecured loans from state-owned banks with only a note from a military officer.[27] In Senegal, multiple state-run credit mechanisms were ostensibly created to promote indigenous entrepreneurship, but they were operated according to "political, rather than economic or 'developmental' criteria."[28] In Zambia, at least one-third of all loans from the major state-owned finance company were allocated to high-level members of the ruling party.[29]

The state control of capital may have produced the collusive business-government relationship sought by African leaders, but in most countries it was not a self-reinforcing equilibrium. Politicizing the access to capital induced behavior that undermined the financial system as a whole. Allocating credit through state-owned banks not only encouraged an ever-larger number of individuals to use political channels, but this practice also eroded the capital base of state-owned banks. In Uganda, loans from the state-owned Uganda Commercial Bank (UCB), the country's largest bank, were routinely distributed as political rewards under successive regimes. Those debtors then used political connections to evade loan recovery. Non-performing loans consequently grew to account for 75 percent of the UCB's total loan portfolio, driving the bank into insolvency by the early 1990s.[30] African banking crises were more likely to be provoked by such politicized interventions than by the boom-and-bust cycles commonly found in other parts of the world.[31] The politicization of finance led to forty-one systemic banking crises in thirty-three African countries in the 1980s and 1990s.[32]

African governments came under external pressure to relinquish their financial control as their economies stagnated in the 1980s. In-

[25] Iliffe 1983; Hopkins 1987.
[26] Hodges 2001, 115.
[27] Brownbridge and Gockel 1998, 65.
[28] Boone 1992, 190.
[29] Gertzel, Baylies, and Szeftel 1984, 71.
[30] Brownbridge 1998, 130.
[31] Gulde and Pattillo 2006; Honohan and Beck 2007.
[32] Laeven and Valencia 2008.

ternational financial institutions (IFI) promoted financial liberalization as part of a broader reform agenda.[33] Governments were pushed to privatize state-owned banks, abolish administrative credit instruments, eliminate capital controls, and adopt floating exchange-rate systems. Between 1980 and 1995, nearly two-thirds of World Bank loans made to African governments included conditions related to financial policy.[34] These governments were, of course, reluctant to relinquish their control and many reforms were only partially implemented, if at all.[35]

But as economic conditions continued to deteriorate and the IFIs began to enforce conditionalities on their loans, fiscally vulnerable African governments were unable to resist the pressure for financial liberalization.[36] The governments of nonrentier states, dependent on inconsistent revenues from agricultural exports, could not afford to sustain their patronage-based regimes without trading reforms for additional loans from the IFIs.[37] The governments of rentier states were better positioned to resist the IFIs' demands because they could leverage mineral and oil resources.[38] These governments could readily raise funds by auctioning off additional exploitation rights, renegotiating existing contracts with foreign companies, or accelerating the sale of futures.

The variation in compliance with IFI-promoted reforms became increasingly apparent both in policy and in practice across African countries.[39] Between the mid-1980s and mid-1990s, the number of countries exhibiting patterns of financial repression—meaning the imposition of nonmarket restrictions on the allocation of capital—dropped by more than half across the region.[40] As the state withdrew from direct ownership in banking and was largely replaced by foreign-owned private banks,[41] the average number of commercial banks per country expanded from six in 1985 to nine in 2000.

Figure 1 reveals that financial liberalization, reflected in the expansion of commercial banking, mainly occurred among Africa's nonrentier states. The commercial banking sector in these countries expanded from an average of five banks in 1985 to nine in 2000, trending with

[33] Williamson 1994.

[34] Dollar and Svensson 2000. An examination of their data shows that conditions related to financial policy are found in seventy-five of 116 loans made to African countries.

[35] Herbst 1990; van de Walle 2001.

[36] Dunning 2004; Girod 2011.

[37] Callaghy and Ravenhill 1993; Widner 1994; Lewis 1996; World Bank 1997.

[38] Humphreys and Bates 2005; Dunning 2008.

[39] Mehran et al. 1998; Gulde et al. 2006.

[40] Gelbard and Pereira Leite 1999.

[41] Honohan and Beck 2007.

the enactment of IFI-promoted reforms. Figure 1 further shows that this expansion began in the early 1990s, which coincides with the move toward greater IFI enforcement of loan conditionalities. In rentier states, however, governments had the wherewithal to avoid or delay financial reforms. The commercial banking sector in these countries therefore exhibited almost no change, remaining at an average of six banks throughout the same fifteen-year period.[42]

A select number of nonrentier states emulated their rentier counterparts in forestalling liberalizing financial reforms. In a cross-national analysis of African countries, Randall Stone shows that the conditions attached to International Monetary Fund (IMF) loans were less likely to be enforced against countries with close ties to powerful donors such

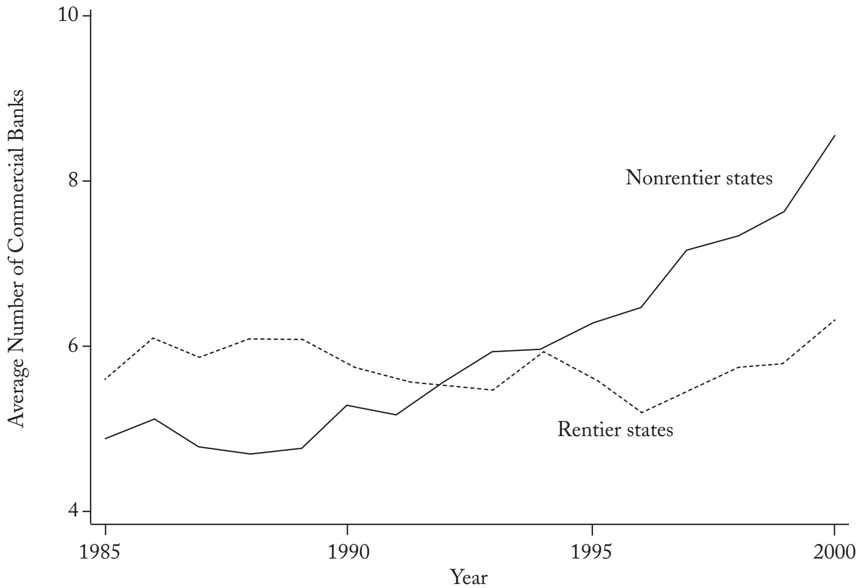

FIGURE 1
COMMERCIAL BANKING IN AFRICAN COUNTRIES

[42] The data on mineral and oil exports are from World Bank 2009. Rentier states are identified as those in which mineral or oil exports represent over one-third of merchandise exports: Angola, Botswana, Cameroon, Central African Republic, Congo Republic, Gabon, Guinea, Liberia, Mauritania, Niger, Sierra Leone, Togo, Zambia. Nigeria is excluded due to its sheer demographic size; its commercial banking is more than twice the size of all its neighbors combined.

[43] Stone 2004.

[44] Handley 2008, 168.

[45] Posner 2005, 105. Explanations for the link between ethnicity and resource distribution can be found in Bates 1974 and Fearon 1999. For evidence on ethnic voting in African elections, see Wantchekon 2003 and Ferree 2004.

as Britain, France, and the United States.[43] Côte d'Ivoire, for example, had little incentive to fulfill IMF conditionalities as long as it was assured French intervention with the IMF Executive Board as well as French bilateral aid. But many African countries lacked such external sponsorship. In a case study of economic policy-making in Ghana, Antoinette Handley finds that the adoption of liberalizing reforms in the 1980s was brought about, in part, because "the country's international socialist allies refused its requests for assistance, referring the Ghanaians to the IMF and the World Bank."[44]

Interethnic Coalition Bargaining among Opposition Politicians

Liberalizing financial reforms affect electoral politics because coalition building is a resource-intensive electoral strategy in Africa's patronage-based polities. Where securing access to resources on the basis of ethnicity structures political life, the main obstacle to coalition building is driven, as Daniel Posner observes, by the fact that "politicians' promises to share the spoils of power with members of other groups are not likely to be viewed as credible."[45] A candidate for national office who happens to be from one ethnic group cannot expect to win votes from other groups through direct appeals. She must recruit other politicians who can solicit those votes on her behalf.

But cross-ethnic endorsements are costly in patronage-based polities. A candidate who seeks to become a coalition *formateur*—the candidate of a multiethnic coalition—must have the wherewithal to purchase cross-ethnic endorsements. Prospective coalition partners expect to be compensated for delivering their coethnics' votes because they themselves must use material inducements to secure that political loyalty. They must distribute cash, food, or goods to ensure the continuity of that support.[46] These demands can be so extensive that they have been taken into account by a Kenyan government commission considering the remuneration of parliamentarians: "[T]he heaviest burden that a Member has to bear throughout his/her career as a Parliamentarian is in the shape of a voter . . . The needs of a voter are innumerable and generally go with an expectation of some monetary handout from the Member."[47]

[46] Chabal and Daloz 1999; Nugent 2007; Bratton 2008. The data from the Afrobarometer surveys conducted in 2005–2006 indicate that expectations of vote buying in African elections are widespread: on average, nearly three-quarters of respondents in fifteen countries expect to receive "gifts" from candidates.

[47] Republic of Kenya 2002, 66–67.

Incumbents can readily deploy state resources to secure the cross-ethnic endorsements that constitute multiethnic coalitions in Africa's inchoate multiparty systems. Opposition politicians, however, must rely on private resources to do the same. In this context, I argue that opposition politicians are more likely to form multiethnic coalitions for executive office where incumbents have been forced to relinquish the state's historic control over capital. Multiethnic opposition coalitions should be unlikely to emerge where the state remains a gatekeeper for credit and loans for the business class. As long as incumbents exercise such control, business will refrain from funding the opposition, which, in turn, means that no opposition candidate can afford to secure cross-ethnic endorsements. Conversely, multiethnic opposition coalitions should be more likely to form under conditions of financial liberalization because an autonomous business class can then extend its support to the opposition without fear of reprisal.

The access to campaign resources among opposition politicians influences the extent to which a would-be formateur can overcome the commitment problem inherent in coalition bargaining. If business refrains from funding the opposition, coalition negotiations among the opposition are limited to promises about postelectoral payoffs. The would-be opposition formateur can offer power-sharing promises in exchange for other politicians' endorsements—which entails standing down from the election and delivering their coethnics' votes. These promises might include the vice presidency, a number of cabinet seats, or the control of specific government ministries. The impecunious opposition formateur faces a commitment problem in this respect: her prospective coalition partners know that they have no means of enforcing those power-sharing promises once the formateur is installed in office. A politician might find that she receives less than what was promised or nothing at all despite having rallied her coethnics in support of the formateur. This poses a considerable risk for a politician whose own leadership position depends on her ability to deliver resources to constituents. She may well prefer to withhold her endorsement and compete for office independently. In an alternative scenario, when the opposition can secure campaign funding from business, a formateur can make power-sharing promises more appealing by compensating her partners upfront for accepting the risk associated with the fulfillment of power-sharing promises as well as for undertaking the costs associated with mobilizing their coethnics.

Business is central to this rendering of opposition-coalition bargaining not because it is innately democratic, but because it seeks to protect its own interests. Bankrolling the formation of multiethnic opposition coalitions enables business to demand favors or concessions from whichever side wins the next election. Chris Kirubi, a former chairman of the Kenya Association of Manufacturers (KAM), is unambiguous about why he contributed money to ruling and opposition parties as well as why he shifted those contributions in favor of the latter over time: "You want everybody on your side if possible . . . We could get by on favors in the short term, but we needed the environment to be changed for the long term. Business wanted someone to change the rules of the game to make it easier to survive."[48]

Figure 2 corroborates the plausibility of the argument outlined above. It shows a widening gap in the number of commercial banks between countries that had no multiethnic opposition coalitions and those that had one or more such coalitions form between 1990 and 2005.[49] A multiethnic opposition coalition is defined here as an elec-

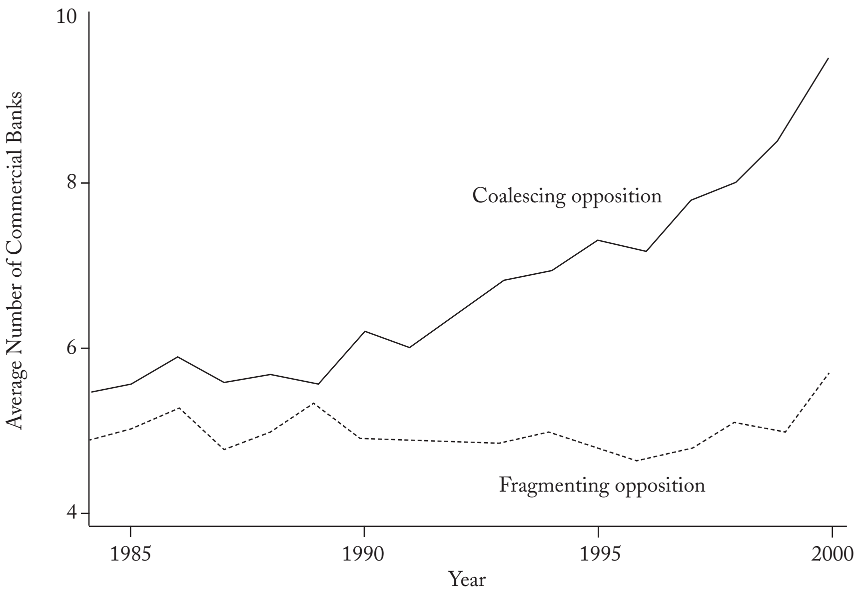

FIGURE 2
ACCESS TO COMMERCIAL BANKING AND OPPOSITION ELECTORAL BEHAVIOR IN AFFRICA

[48] Author interview with Chris Kirubi, Nairobi, August 6, 2008.

[49] The number of commercial banks is calculated from annual volumes of *Africa South of the Sahara*. See Europa Publications Limited 1971–2006.

toral alliance in which a subset of opposition politicians from different ethnic or regional groups endorses a single candidate for executive office. For ease of exposition, Figure 2 identifies the set of countries where multiethnic opposition coalitions formed as having a "coalescing opposition" and countries with no such coalitions as having a "fragmenting opposition."

A coalescing opposition emerges in countries that added an average of four new commercial banks in the period under review. What is significant about the growth of commercial banking in these countries is the entry of multinational banks as well as local private banks in response to the state's withdrawal from the sector. Business is thus increasingly able to access loan capital through market rather than political channels, securing greater financial autonomy in the process. By contrast, a fragmenting opposition emerges in countries where entry into the banking sector remained limited. These countries added less than one bank, on average, throughout the fifteen-year period.

Divergent Opposition Trajectories in Cameroon and Kenya

I trace the impact of financial liberalization on multiethnic opposition coalition formation through the contrasting cases of Cameroon and Kenya. The cases demonstrate how interethnic-coalition bargaining among opposition politicians is shaped by the access to resources in patronage-based polities. Figure 3 highlights the links in the causal chain. First, the availability of resource rents affected incumbent responses to the external pressure for reform. In Cameroon, President Paul Biya used the country's oil rents to put off IFI demands for financial liberalization, whereas in Kenya, President Daniel arap Moi was compelled to undertake reforms in exchange for loans. Second, these divergent reform trajectories led to distinct political responses from business. In Cameroon, persistent financial repression obliged business to remain allied to the incumbent, while progressive financial liberalization in Kenya permitted business to defect in support of the opposition. Third, the continued dependence of business on state-controlled capital in Cameroon prevented any opposition politician from acquiring the resources needed to build a multiethnic opposition coalition. In Kenya, however, the growing financial autonomy of business made it possible for a formateur to secure cross-ethnic endorsements from other opposition politicians.

The type of argument advanced here raises concerns of potential

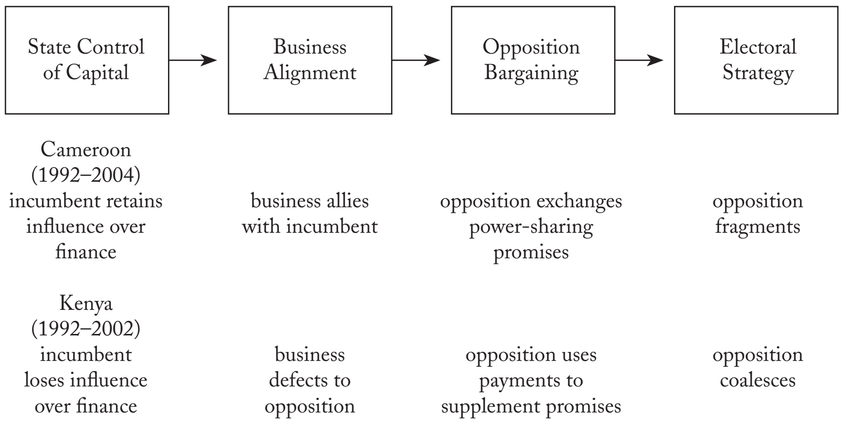

FIGURE 3
A MODEL OF MULTIETHNIC OPPOSITION COALITION FORMATION

endogeneity: Did financial liberalization enhance the autonomy of the business community, or did the business community secure its autonomy before lobbying for financial reforms? Determining the sequence would help establish the relative importance of the two alternative channels of influence. This distinction is theoretically important because there are conditions in which business can affect economic policy-making. Handley shows precisely this mechanism in studies of Mauritius and South Africa, though notes that such outcomes are rare among most sub-Saharan African countries. Handley explains that, more generally, the neopatrimonial relations that developed between economic and political elites in most African countries left business too weak to affect reform. In countries like Ghana and Zambia, which reflect the region's predominant pattern, business has had "very little capacity to constructively contest policy."[50] In this respect, Handley's findings are consistent with the broader research on reform in African countries, namely, that business has played a marginal role.[51] In the complex area of finance, in particular, scholars find little evidence that business mobilized to promote liberalizing reforms.[52]

[50] Handley 2008, 13.
[51] Bates and Krueger 1993; Sandbrook 1993; Devarajan, Dollar, and Holmgren 2001; van de Walle 2001.
[52] Stasavage 1997; Brownbridge and Harvey 1998.

The findings from the structured case comparison of Cameroon and Kenya are also consistent with the reform literature. Business had sufficient motivation to demand reform in these countries. Throughout the 1980s, entrepreneurs faced increasing interference from incumbents who attempted to reorder the economic bases of their regimes. These incumbents sought to limit the influence of entrepreneurs who were not their coethnics—the Bamileke in Cameroon and the Kikuyu in Kenya—because they feared that the commercial dominance of these groups posed a political threat.[53] The business community in both countries did not exercise the clout needed to parry the incumbent's attacks or to lobby within the regime for reform. In Cameroon, for example, business failed to secure reform despite initially supporting an opposition boycott toward that end. In Kenya, reform was adopted without the involvement of business.

The contrast between Cameroon and Kenya is noteworthy because both nations share background conditions that might otherwise serve as alternative explanations: stability was previously achieved under single-party rule,[54] communal demands were regularly managed through patronage,[55] and coercion was periodically used against political rivals.[56] But when the two countries confronted severe economic shocks in the 1980s, only Biya in Cameroon had the fiscal wherewithal to ignore the external pressure for reform. Biya retained, if not magnified, his influence over business by leveraging oil rents to delay financial reform. Private credit provision in Cameroon plummeted in the early 1990s, coinciding with the country's transition to multiparty politics. There was no recovery in credit provision by the state-controlled banking sector despite renewed economic growth by the mid-1990s. In Kenya, Moi lost his influence over business as financial liberalization unfolded throughout the 1990s. The availability of private credit rose progressively through subsequent reforms and persisted at higher rates despite anemic economic growth. The divergent trajectories of Cameroon and Kenya are evident in Figure 4.

[53] Widner 1992; van de Walle 1993.

[54] See Bayart 1989 on Cameroon, and Widner 1992 on Kenya. Both countries experienced short periods of instability when the leadership transition within the ruling party was followed by a failed coup attempt.

[55] Cameroon's ethnic fractionalization score is 0.89 and Kenya's is 0.85.

[56] Cameroon's average polity score is -8 for the 1985–1991 period; Kenya's is -7. The two have an identical average polity score of -4 for the 1992–2000 period.

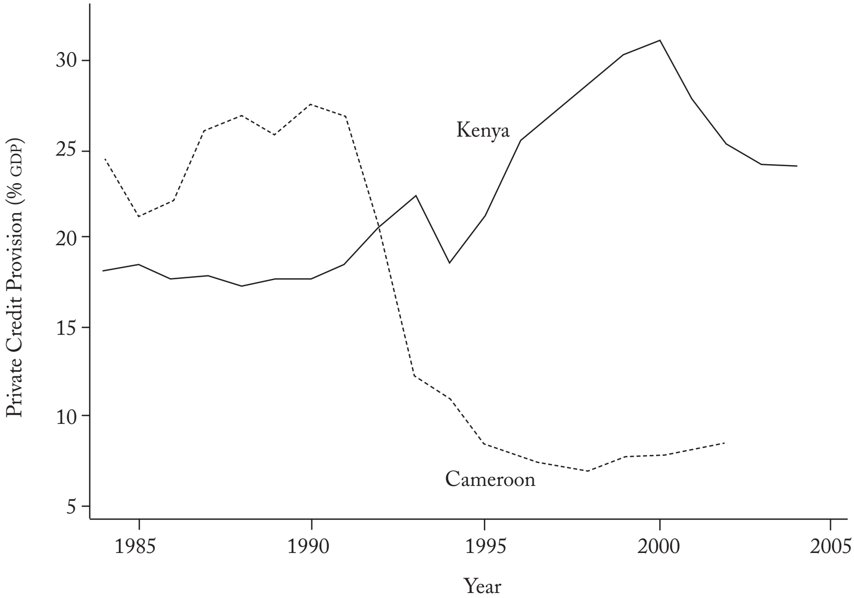

FIGURE 4
PRIVATE CREDIT PROVISION IN CAMEROON AND KENYA

FINANCIAL REPRESSION AND OPPOSITION FRAGMENTATION IN CAMEROON

STATE CONTROL OF CAPITAL

In Cameroon, Biya's regime maintained its control over capital by exploiting the country's oil exports, which provided a quarter of government revenue. Oil rents coupled with French support enabled the regime to stave off liberalizing reforms despite mounting pressure from external and domestic sources.[57] The four agreements negotiated with the IMF between 1988 and 1996 were never implemented despite deteriorating economic conditions. Biya's regime refused to yield even in 1991, when the business community joined pro-democracy forces in a national economic boycott to demand political and economic reform. But business abandoned the opposition once Biya's regime proved capable of withstanding several months of revenue losses. Representatives

[57] France is one of the largest investors in Cameroon's oil sector as well as its largest bilateral donor. See van de Walle 1993 and Stasavage 1997.

from associations such as the Groupement des Hommes d'Affaires Camerounais were forced to negotiate business's reintegration into Biya's regime, without securing reforms.[58]

Biya's regime continued acting as a financial gatekeeper vis-à-vis business throughout the 1990s. A former resident representative of the IMF would note by mid-decade that Cameroon's finance minister still exercised "the effective and real authority" in the allocation of credit.[59] Any entrepreneur seeking a commercial loan would have to interact with a financial institution either directly or indirectly controlled by the regime. The government maintained an interest in nearly every commercial bank even as the banking sector contracted throughout the 1990s. In 1989, the state was linked to all eleven banks in the country—as a majority shareholder in four and as a minority shareholder in the seven others. In 2000, the state was a shareholder in four of the remaining eight banks. The principal shareholder in three of the four privately owned banks was either a party official or an elected representative of the ruling party.

BUSINESS ALIGNMENT

The persistent politicization of finance encouraged business to remain allied to Biya. Entrepreneurs from the Bamileke ethnic group, who dominated commerce in Cameroon, understood that they could not remain in business without reaching an understanding with the regime, especially as their financing options narrowed throughout the 1990s. According to Achille Mbembe, "[H]eavily indebted for the most part and practically dependent on goodwill of the state, [Bamileke] businessmen. . . have had no choice but to continue. . . supporting Paul Biya's regime."[60] The exception underscores the rule: Bamileke businessman Joseph Kadji Defosso was made an early example by the government. Two months after he openly supported the candidacy of John Fru Ndi, the leading opposition candidate in the 1992 presidential election, the Ministry of Finance opened an investigation into his businesses.[61]

Business's alliance with Biya is reflected in the number of Bamileke entrepreneurs serving as ruling-party candidates. It represents a departure for a business community that long eschewed electoral politics.[62] But with the return to multipartism, prominent Bamileke entre-

[58] Takougang and Krieger 1998; Ngayap 1999.
[59] Doe 1995, 105.
[60] Mbembe 1993, 358.
[61] Owona Nguini 1996.
[62] Ngayap 1983.

preneurs entered politics as ruling party candidates in constituencies that had become opposition bastions.[63] Defosso, who had been previously punished; André Sohaing, president of the Groupement des Importateurs Camerounais; and Pierre Tchanqué, a longtime president of the national chamber of commerce, all became ruling party mayors. Françoise Foning, founder of the Groupement des Femmes d'Affaires du Cameroun, became the ruling party mayor of a borough in Douala, the country's economic capital.

OPPOSITION BARGAINING

The politicization of finance influenced the failed effort to organize a multiethnic opposition coalition in the run-up to Cameroon's 2004 presidential election. The Coalition pour la Réconciliation et la Reconstruction Nationale (CRRN) was formed as a proto-coalition between Fru Ndi and Adamou Ndam Njoya, opposition politicians who represented different ethnic and linguistic constituencies. It was long understood that a coalition between these two opposition party leaders, who were seen as "radically different and completely complementary,"[64] would present a viable electoral challenge to Biya.

But neither politician could afford to secure cross-ethnic endorsements without the support of the business community. According to the party representatives who participated in the CRRN negotiations, neither of the opposition candidates had sufficient resources to impose himself as a coalition formateur.[65] Fru Ndi, who some analysts believe defeated Biya in the possibly rigged 1992 presidential election, could find no prominent business supporters for his candidacy. As a result, he not only had a difficult time holding his own party together,[66] but he also could not afford the payments necessary to secure the endorsement of others, which were expected in the course of negotiations.[67]

Opposition party leaders agreed to leave the selection of a coalition candidate to a committee of CRRN members, since none had the resources to act as a formateur. But in this contest, Fru Ndi, the once presumptive leader of the opposition, failed to become the coalition standard-bearer, in part, because his partners concluded he could not raise the funds needed to sustain a national campaign. The CRRN instead chose Ndam Njoya, a member of an ethnic minority, because

[63] Mouiche 2005.

[64] Soudan and Siewe 2004.

[65] Author interviews with party representatives, Yaounde, Cameroon, March 26 and 28, 2006; April 7, 2006.

[66] Takougang 2003.

[67] Author interviews with party representatives, Yaounde, Cameroon, March 26 and 28, 2006.

he could raise funds among the Cameroonian diaspora. He left for France to meet with diaspora representatives almost immediately after being revealed as the CRRN candidate. The CRRN, which would have become the country's first multiethnic opposition coalition, ultimately fragmented when Fru Ndi chose to withdraw rather than endorse Ndam Njoya—even after being promised the cabinet position of his choice. Fru Ndi's departure was followed by others who claimed that Ndam Njoya lacked the resources to compensate them for their support.[68]

Financial Liberalization and Opposition Coalition Formation in Kenya

STATE CONTROL OF CAPITAL

Moi was compelled by the IFIs to pursue financial liberalization in Kenya. By 1990, after the country was pummeled by a series of international shocks, including falling commodity prices for coffee and tea exports, his regime grew to depend on external support for 45 percent of its operating budget. But with priorities shifting at the end of the Cold War, Kenya's donors chose to suspend their aid in 1991, when Moi slowed progress on political and economic reform.[69] While Moi resisted efforts to dismantle the instruments that sustained his patronage-based regime, he lacked the fiscal wherewithal to refuse donor demands. Forced to negotiate with the IFIs, Moi progressively relinquished his financial controls.[70] Beginning in 1993 and continuing over the next several years, a series of reforms reduced the government's influence over capital: interest rates were deregulated, foreign exchange controls were eliminated, a flexible exchange rate was adopted, and credit controls were abolished. The government also began to divest itself of equity holdings in two of the country's largest commercial banks.

Business played a marginal role in promoting the liberalizing reforms adopted by Moi's regime throughout the 1990s. The business community held little influence in economic policy-making, as government officials were openly hostile to negotiating reforms with the private sector.[71] Kirubi, the former chair of KAM, acknowledged that business was ignored in the negotiations that produced reform despite lobbying by sectoral associations. Business, according to Kirubi, had to

[68] Author interviews with party representatives, Yaounde, Cameroon, April 7, 2006.
[69] O'Brien and Ryan 2001.
[70] World Bank 2003.
[71] O'Brien and Ryan 2001, 508.

"thank the World Bank and IMF for supporting the policy changes that came."[72]

BUSINESS ALIGNMENT

Financial reforms gradually changed the relationship between business and Moi's regime. But Moi still sought to retain the support of Kikuyu entrepreneurs because they were the most likely financiers of his strongest opposition rival, Mwai Kibaki, an ethnic Kikuyu and a former vice president. Moi personally contacted entrepreneurs he suspected of providing funds to the opposition and persuaded them to make contributions to his campaign fund instead. Moi did not have to issue direct threats, since these entrepreneurs assumed their businesses would suffer reprisals once they were discovered as contributors to the opposition.[73] This fear explains why several Kikuyu entrepreneurs chose to participate in the Central Province Development Support Group (CPDSG), which coordinated Kikuyu elites on behalf of Moi's reelection campaign in the 1997 presidential election. The CPDSG was led by Samuel Macharia, owner of the country's largest private radio network, and included prominent entrepreneurs such as Kirubi.[74]

Business did not immediately respond to the enhanced autonomy afforded by incremental financial reforms because their permanence was unknown at the outset. But several entrepreneurs became increasingly willing to publicly defect from the ruling party in support of the opposition. Members of the business community could interpret multiple trends—the continuous growth of privately owned banks, the progressive liberalization of capital and credit, and the privatization of the country's largest bank in 1998—as a reflection of the regime's diminished capacity to exact financial reprisals.[75] It was in this context that Kibaki, the opposition politician who would become a coalition formateur, expanded his pool of donors.

A decade of financial liberalization sufficiently emboldened entrepreneurs to publicly support Kibaki's bid for the 2002 presidential election. The Council of Elders, as Kibaki's close circle of donors was named, included some twenty prominent businessmen. This group was chaired by Joseph Wanjui, who had been a member of the CPDSG when it supported Moi in 1997, and included former CPDSG members Macharia and Kirubi. These entrepreneurs did not simply raise funds

[72] Author interview with Chris Kirubi, Nairobi, August 6, 2008.
[73] Author interviews with business people, Nairobi, July 18, 2008; August 8, 2008.
[74] Munene 2001; Njogu 2001.
[75] Author interviews with business people, Nairobi, August 6, 2008.

for Kibaki's campaign among the broader business community, they acted as de facto campaign advisors who developed the pecuniary strategy needed to reach out to politicians from other ethnic groups.[76] They also directly participated in brokering public endorsements for Kibaki's candidacy, crisscrossing the country to secure the support of local notables as well as rival candidates from other ethnic groups.

OPPOSITION BARGAINING

Kenyan politicians had discussed the possibility of forming a multiethnic opposition coalition in the run-up to the 1992 and 1997 presidential elections, but they never resolved the central question of who would become the coalition candidate. Nevertheless, the very same set of actors who had competed separately for the presidency in 1997—Kibaki, Michael Kijana Wamalwa, and Charity Ngilu—managed to form the country's first multiethnic opposition coalition for the 2002 presidential election.[77] What had changed?

The financing provided by Kenyan business during the 2002 election campaign enabled Kibaki to secure cross-ethnic endorsements. Kibaki's coalition negotiations with Wamalwa, an ethnic Luhya who eventually became his vice-presidential nominee, illustrate the importance of such payments. In the months leading to the formation of a multiethnic opposition coalition around Kibaki's candidacy, Wamalwa had sought to capitalize on latent anti-Kikuyu sentiment by threatening to pull out of any coalition if Kibaki were selected as its candidate. He even suggested that Kibaki should step down in his favor, noting that a Kikuyu had already been president and that "a Luhya should succeed President Moi."[78] Wamalwa continued making such threats throughout the course of their negotiations.

Wamalwa's support for Kibaki's candidacy was secured only after he was compensated upfront. Individuals who represented both sides in the coalition negotiations confirmed that, though the promise of the vice presidency had already been extended, the bargain was sealed only once a monetary payment was used to supplement the power-sharing promise. Wamalwa agreed to endorse Kibaki in exchange for the vice presidency and a payment large enough to settle outstanding debts

[76] Author interview with party representatives, Nairobi, August 5, 15, 18, and 20, 2008.

[77] The multiethnic opposition coalition built around Kibaki's candidacy was announced a month before a faction known as the Rainbow Alliance defected from the ruling party on October 18, 2002. The members of the Rainbow Alliance later joined with Kibaki to form the expanded coalition known as the National Rainbow Coalition.

[78] Wafula 2002; Gatheru, Muhene, and Riunge 2002.

associated with his previous presidential bid.[79] What is noteworthy about these negotiations is that Kibaki did not merely seek Wamalwa's withdrawal from the presidential race.[80] Kibaki needed Wamalwa to actively participate in the coalition and convince his coethnic Luhya, one of Kenya's largest constituencies, to support Kibaki's candidacy. And Wamalwa did so. At a mass rally in Kakamega, the largest city in Luhyaland, Wamalwa symbolically recognized Kibaki as an elder of the Luhya community and endorsed him as the best candidate for advancing their communal interests.[81] Three-quarters of the votes cast by Wamalwa's coethnics would subsequently go to Kibaki, enabling Kibaki, in 2002, to bring about Kenya's first democratic transition.

Cross-National Analysis of Multiethnic Opposition Coalition Formation

To assess whether the causal mechanism outlined in the case studies is consistent with the variation across African countries, I undertake a cross-national statistical analysis of multiethnic opposition coalition formation in executive elections.[82] Because no previous study has empirically examined this type of coalition building in African elections, I constructed a cross-national database using case studies and news reports.[83] I find evidence of thirty-two multiethnic opposition coalitions among the eighty-five executive elections contested between 1990 and 2005.[84] These multiethnic opposition coalitions are substantively important and account for over half of the executive turnover—fifteen of

[79] Author interviews with party representatives, Nairobi, July 15 and 29, 2008.

[80] Wamalwa's exclusion from the presidential race would have been assured had Kibaki chosen to do nothing. Wamalwa had become indebted through previous elections, accruing some $440,000 in debt related to his 1997 presidential campaign. Facing three cases in bankruptcy court, he was close to being disqualified from the election because Kenyan law prohibits bankrupt persons from holding public office. Wamalwa's arrangements with Kibaki enabled him to deposit a check with the court just one day after he endorsed Kibaki's candidacy. See Kago 2002.

[81] Katumanga 2005, 210–17.

[82] This sample includes parliamentary elections from Botswana, Ethiopia, Mauritius, and South Africa. These are counted as executive elections because each party's candidate for prime minister was known prior to the election, and the powers of these prime ministers are as expansive as those of their presidential counterparts.

[83] The paucity of data on this subject is underscored by the fact that the Golder 2006 study of preelectoral coalitions in Western parliamentary democracies is the first of its kind. For the African elections examined in this study, multiethnic opposition coalitions were coded through information collected from a variety of sources, including case studies published in Africanist journals, election monitoring reports, and news articles produced by international and local outlets in the year leading up to each election.

[84] A total of ninety-nine executive elections were held between 1990 and 2005. The fourteen elections boycotted by the opposition are excluded from the sample. An electoral boycott may require coordination among the opposition, but it does not entail the coalition-building cost of withdrawing in favor of another candidate.

twenty-seven cases—in the same time period. All elections and coalitions included in the sample are listed in the appendix.

Dependent Variable

In the literature, there is no standard definition for what constitutes a multiethnic opposition coalition. Drawing on the Africanist scholarship, I conceptualize a multiethnic opposition coalition as the coordinated electoral effort of opposition politicians from different ethnic groups to win executive office. More precisely, I define a dichotomous dependent variable that equals 1 if a subset of opposition parties formed a multiethnic opposition coalition; it equals 0 if no such coalition was formed.[85]

I assume that three criteria must be met for a multiethnic opposition coalition to exist. The first criterion is the public endorsement of a single candidate by more than one opposition party prior to an election in a plurality system or to a first-round election in a runoff system.[86] This criterion reflects the predominant mode of interparty coordination in African elections. African politicians rely on preelectoral endorsements rather than more committed forms of coordination, such as party mergers, because, as Nicolas van de Walle explains, the clientelistic nature of African politics creates "disincentives for opposition party consolidation and incentives for individual 'big men' to maintain small, highly personalised parties."[87] A preelectoral endorsement is costly in this context, since it entails the withdrawal of one party's candidate from an election in favor of another party's candidate.

The second criterion is the representation of more than one ethnic group or region in the opposition coalition. The ethnic composition of an opposition coalition is determined by the identity of the coalition candidate and the party leaders who endorse him or her. It is important to confirm that an opposition coalition is indeed multiethnic because, as Shaheen Mozaffar and James Scarritt observe, ethnic partisanship in African party systems has been one of the key factors impeding "opposition candidates from coordinating on a single candidate to oppose incumbents."[88]

[85] This coding of multiethnic opposition coalitions reflects actual changes in political alignments. If multiethnic opposition coalitions are formed through the coordination of endorsements across ethnic lines, then there should be fewer candidates in such elections when compared to those where no such coalitions are formed. There are, on average, two fewer presidential candidates registered for elections in which opposition coalitions are formed: 6.3 versus 8.3 candidates. The difference in means is statistically significant in a one-tailed test ($p=0.041$).

[86] I exclude instances of first-round promises for a second-round endorsement and instances of second-round endorsements that were not preceded by first-round negotiations because such instances do not require costly commitments (such as candidate withdrawals) to be honored in advance.

[87] van de Walle 2003, 313.

[88] Mozaffar and Scarritt 2005, 415.

The third criterion requires the participation of at least one major opposition party in a multiethnic opposition coalition. This rule is intended to eliminate potential false positives by restricting the identification of multiethnic opposition coalitions to those that are organized by politically relevant parties. The relevance of parties is established through parliamentary representation or through expert assessments found in case studies, which are especially important for countries with no multiparty history. Because the literature on African party systems indicates that their high volatility is largely driven by rapid turnover among short-lived opposition parties[89]—some countries have several hundred parties—it is reasonable to consider that coalitions constituted only by transient parties are not comparable to coalitions formed by viable opposition parties that face costly trade-offs when choosing not to independently field a candidate for an election. I therefore exclude coalitions exclusively comprised of transient parties.

Independent Variables

The first independent variable is a total count of a country's commercial banks. Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shliefer find that government ownership of banks is associated with slower financial development over time, reducing the access of firms to capital.[90] A government's withdrawal from banking should be associated with an expanded commercial banking sector, affording business greater financial autonomy. Multiethnic opposition coalitions should therefore be more likely to form in countries that have a larger number of commercial banks.[91]

The second independent variable is private credit provision, as a share of gross domestic product (GDP), averaged over the five-year period prior to an election. Thorsten Beck, Asli Demirguc-Kunt, and Ross Levine show that access to credit declines with a larger state share in banking.[92] This measure thus reflects the extent to which financial intermediaries channel savings to investors without government interference. Higher private credit provision is expected to have a positive impact on the formation of multiethnic opposition coalitions.[93]

GDP growth averaged over a five-year period is added to the models to reflect the opposition's liquidity constraint. Business may be more

[89] Mozaffar and Scarritt 2005; Bogaards 2008.

[90] La Porta, Lopez-de-Silanes, and Shleifer 2002.

[91] The data on commercial banks was calculated using annual volumes of *Africa South of the Sahara*. See Europa Publications Limited 1971–2006.

[92] Beck, Demirguc-Kunt, and Maksimovic 2004.

[93] The data on private credit provision are from Beck, Demirguc-Kunt, and Levine 1999.

willing to finance the opposition in periods of growth. An increase in GDP growth should increase the probability of multiethnic opposition coalition building either by increasing the number of entrepreneurs willing to make campaign contributions or by increasing the average size of those contributions.

The patronage literature suggests that multiethnic opposition coalitions are unlikely to be formed as long as incumbents possess the means to co-opt their rivals.[94] African incumbents may share the same incentives to hold onto power, but what distinguishes them is their access to patronage resources. Government expenditure as a percentage of GDP is used as an indicator of incumbent patronage resources.[95] It is expected to have a negative impact on coalition formation because the more a government involves itself in economic activities—that is, contracting with firms—the more leverage it may exercise over business.[96] Separately, since incumbents who exploit resource rents have even greater resources at their disposal, a dummy variable is used for countries in which oil exports represent over one-third of merchandise exports.[97]

The electoral institutions literature has shown that campaign strategies are influenced by institutional context. Gary Cox hypothesizes that linkage—the ability of parties to coordinate nationally across electoral districts—depends on the strength of electoral rules: the incentives to coalesce decrease under a runoff system and increase under a plurality system.[98] Plurality rules should increase the likelihood of multiethnic opposition coalition formation by inducing weaker candidates to ally with the most viable one. However, van de Walle raises doubts about this expectation, noting that opposition politicians can use the first round in a runoff system to gauge their support and then bargain for support in the second round.[99] A dummy variable is used to indicate whether a country's executive elections are held under a runoff system.

Greater democratic experience is expected to increase the likelihood of multiethnic opposition coalition formation. Michelle Kuenzi and Gina Lambright show a divergence in party-system institutionalization between African countries with established versus new democracy,

[94] Chabal and Daloz 1999; van de Walle 2003; van de Walle 2007.

[95] The data are from World Bank 2009. Government expenditure is measured as the annual expenditure for purchases of goods and services by all levels of government, excluding government enterprises, as a share of GDP.

[96] Keefer 2007.

[97] The data are from World Bank 2009. See Ross 2001; Jensen and Wantchekon 2004; Dunning 2008.

[98] Cox 1997.

[99] van de Walle 2006.

while Staffan Lindberg finds that democratic performance improves in African countries as they acquire greater electoral experience.[100] Democratic experience is controlled with a count of previous multiparty elections. The combined Polity IV score is also included as a control for the level of democracy.[101]

Opposition fragmentation in African countries is often attributed to ethnic heterogeneity because diversity raises the cost of compromise among politicians who mobilize ethnic constituencies.[102] James Fearon's index of ethnic fractionalization is used to capture this effect.[103] Higher ethnic fractionalization scores are expected to be associated with a lower likelihood of multiethnic opposition coalition formation.

Cross-National Empirical Analysis

To analyze the formation of multiethnic opposition coalition across African countries, I estimate a binomial logistic regression model. The units of analysis are executive elections held between 1990 and 2005. I lag all explanatory variables one year to mitigate potential endogeneity. The banking and credit variables enter the models separately due to multicollinearity. Table 1 presents the results from the binomial logistic regression. Models 1 through 3 use the number of commercial banks as the measure for the financial autonomy of business and Models 4 through 6 substitute that measure with private credit provision. The results displayed in Table 1 are in log-odds units; they are transformed into predicted probabilities for a more intuitive discussion of their substantive meaning.

The empirical results corroborate the claim that multiethnic opposition coalitions are more likely to be formed in countries where business is no longer financially beholden to the state.[104] Both measures of business's financial autonomy have their expected positive sign and reach the 0.05 significance level in all model specifications. These results are robust to the inclusion of government expenditure, which is used to capture the influence of patronage spending and also attains statistical significance in most models.

[100] Lindberg 2006; Kuenzi and Lambright 2001.
[101] Marshall and Jaggers 2009.
[102] Rabushka and Shepsle 1972; Horowitz 1985.
[103] Fearon 2003.
[104] These measures are not simply proxies for economic modernization or level of development. The relevant literature shows that financial development precedes economic growth, not the other way around. See King and Levine 1993; Levine, Loayza, and Beck 2000.

TABLE 1
DETERMINANTS OF MULTIETHNIC OPPOSITION COALITION FORMATION IN AFRICAN ELECTIONS 1990–2005[a]

	Model 1	*Model 2*	*Model 3*	*Model 4*	*Model 5*	*Model 6*
Number of Commercial Banks	0.095**	0.098**	0.096**			
	(0.048)	(0.050)	(0.049)			
Private Credit Provision (% GDP)				0.065**	0.065**	0.072**
				(0.031)	(0.032)	(0.029)
GDP Growth	0.297***	0.298***	0.289***	0.383***	0.383***	0.384***
	(0.113)	(0.112)	(0.110)	(0.122)	(0.122)	(0.118)
GDP per Capita (log)	0.552*	0.576	0.416	–0.213	–0.213	–0.571
	(0.311)	(0.354)	(0.379)	(0.559)	(0.560)	(0.580)
Level of Democracy (polity)	–0.080	–0.079	–0.098	–0.075	–0.075	–0.107*
	(0.059)	(0.059)	(0.063)	(0.059)	(0.059)	(0.063)
Government Expenditure (% GDP)	–0.115**	–0.114**	–0.100**	–0.116**	–0.116**	–0.093
	(0.051)	(0.050)	(0.050)	(0.059)	(0.058)	(0.057)
Oil Exporter	–3.036**	–3.159**	–2.927**	–0.733	–0.734	–0.147
	(1.225)	(1.323)	(1.328)	(1.830)	(1.841)	(1.556)
Ethnic Fractionalization	1.355	1.403	2.020	1.526	1.528	2.198
	(1.913)	(1.870)	(1.951)	(2.206)	(2.168)	(2.174)
Runoff System		0.162	0.242		0.005	0.109
		(0.748)	(0.776)		(0.651)	(0.654)
Number of Previous Elections			0.188			0.321*
			(0.158)			(0.194)
Constant	–4.766*	–5.104*	–5.129*	–1.023	–1.030	–0.439
	(2.443)	(2.683)	(2.705)	(3.340)	(3.415)	(3.089)
N	76	76	76	76	76	76
Log Likelihood	–40.66	–40.64	–40.11	–40.24	–40.24	–39.00
Pseudo R-squared	0.195	0.196	0.206	0.204	0.204	0.228

*** $p<0.01$, ** $p<0.05$, * $p<0.10$, two-tailed tests

[a] Binomial logistic regression. The dependent variable is multiethnic opposition coalition formation. All independent variables are lagged one year. Robust standard errors in parentheses.

The likelihood of a multiethnic opposition coalition being formed rises with the expansion of commercial banking. Based on the estimates from Model 1, the predicted probability of opposition politicians creating a multiethnic coalition is 0.36 in the average African country with eight commercial banks.[105] The opposition is likely to remain fragmented along ethnic lines in such a case. However, if the banking

[105] Predicted probabilities were generated through CLARIFY (King, Tomz, and Wittenberg 2000) by holding variables at their mean or modal values. These values are: 3.19 percent for GDP growth, 6.06 for logged GDP per capita, 1 for the polity score, 14.83 percent for government expenditure, 0.75 for ethnic fractionalization, and 0 for oil exporter.

sector is expanded by one standard deviation to fifteen banks, holding all else constant, the predicted probability would rise to 0.53, making the formation of a multiethnic opposition coalition considerably more likely. The potential impact of banking's expansion is illustrated in Figure 5, which shows that the predicted probability of multiethnic coalition building rises in tandem with the size of the commercial banking sector.

The likelihood of a multiethnic opposition coalition forming also rises progressively with higher levels of private credit provision. Based on the estimates from Model 4, the predicted probability of an opposition coalition being formed is 0.32 when a country's private credit provision is at 16 percent of GDP, the region's mean rate. The opposition is unlikely to form a multiethnic coalition under such conditions. When private credit provision rises by one standard deviation to 31 percent of GDP, the predicted probability of a multiethnic opposition coalition rises to 0.54, holding all else constant. Opposition politicians again appear more likely to bridge cross-ethnic electoral alliances when business has greater access to finance.

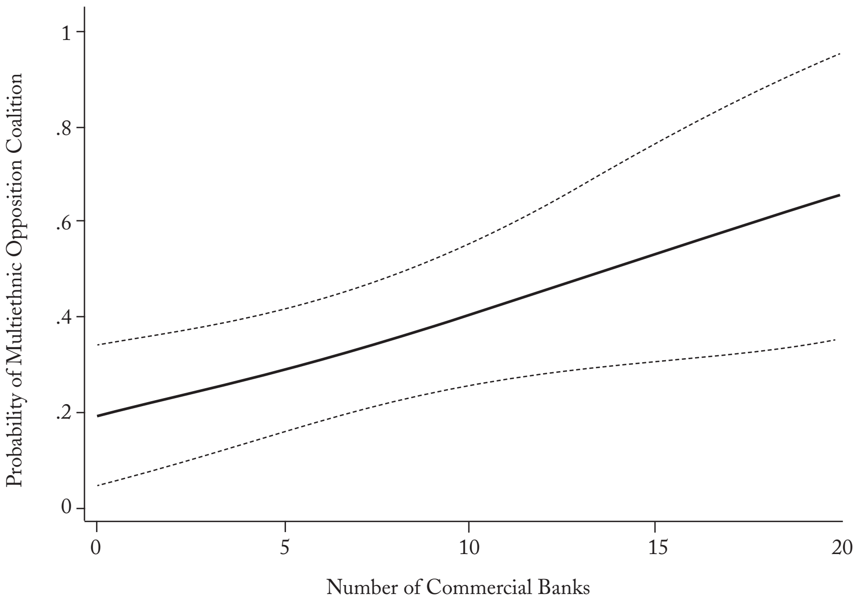

FIGURE 5
THE PREDICTED EFFECT OF COMMERCIAL BANKING WITH 95% CONFIDENCE INTERVALS

GDP growth has a positive impact on multiethnic opposition coalition formation. The estimates from Model 1 suggest that accelerating the five-year average of GDP growth by one standard deviation from the mean rate of 3.19 percent to 5.76 percent would raise the predicted probability from 0.36 to 0.55, holding all else constant. These estimated effects reflect a pattern from the data. Multiethnic opposition coalitions emerged in countries where economic growth was a full percentage point higher, on average, than the sample mean. Only one of thirty-two opposition coalitions, in Liberia in 2005, coincides with a five-year economic decline.

Business's ability to counterbalance the incumbent appears to decline with higher levels of public spending. According to the estimates from Model 1, increasing government expenditure by one standard deviation from 14.83 percent to 20.81 percent of GDP would reduce the predicted probability from 0.36 to 0.22, holding all else constant. This result is consistent with the Africanist scholarship, which suggests that incumbent co-optation has been used to fragment the opposition in African countries. Figure 6 illustrates how higher levels of government expenditure negatively impact the formation of multiethnic opposition coalitions.

The oil-exporter dummy is a less consistent predictor. This variable attains statistical significance only in Models 1 through 3, which control for the size of the commercial banking sector. It fails to attain conventional levels of statistical significance when controlling for private credit provision in Models 4 through 6.[106]

The institutional variables show no consistent impact on multiethnic opposition coalition formation. Contrary to expectations, the runoff system fails to attain statistical significance. The record shows that there is little difference between electoral systems. There are eleven instances of opposition coalition building among the twenty-six elections held under plurality rules (42 percent). In runoff systems, opposition coalitions are formed before the first round in twenty-one of fifty-nine elections (36 percent), which is unexpected given the electoral logic implied in such a system. Opposition candidates may have an incentive to coalesce before the first round if they expect the incumbent to use fraud or coercion to avoid a runoff.

There is no evidence that the formation of multiethnic opposition coalitions is shaped by the quality of democracy or democratic experi-

[106] Foreign aid, which might be exploited by incumbents as a source of patronage, proved to be statistically insignificant in other model specifications.

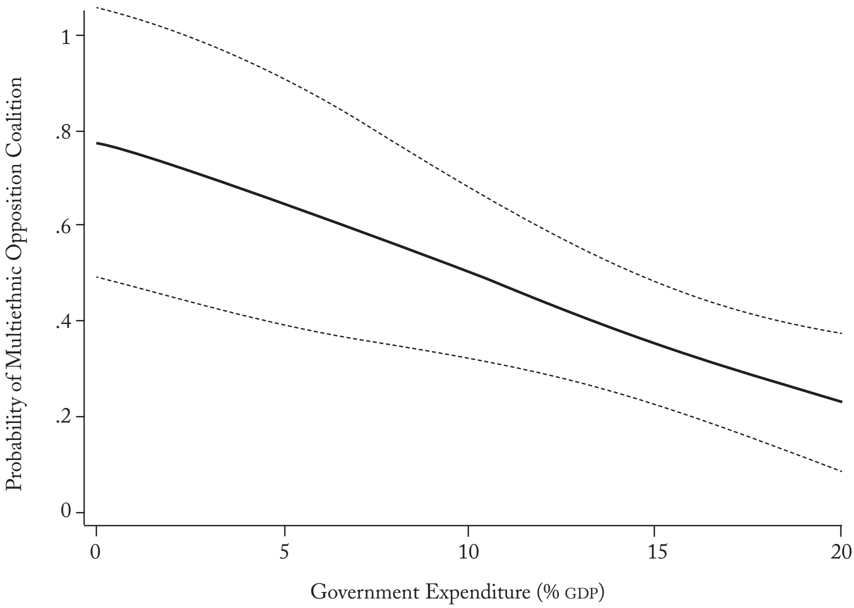

FIGURE 6
THE PREDICTED EFFECT OF GOVERNMENT EXPENDITURE WITH
95% CONFIDENCE INTERVALS

ence in African countries. The polity score moves contrary to expectation, and attains statistical significance only once.[107] The log odds on the number of previous elections are positive, but they are inconsistently significant. It may be that these democracy measures are too crude to show any effect. However, other controls for the quality of democracy, such as measures from Freedom House or the Cingranelli and Richards Human Rights Data Set, also fail to attain statistical significance in alternate specifications.[108]

Contradicting conventional wisdom, the formation of multiethnic opposition coalitions is not less likely to occur in more diverse societies.

[107] Robustness checks using a democracy stock variable as an alternative to the polity measure yield the same results (Gerring et al. 2005). The democracy stock variable does not attain statistical significance at conventional levels, while the other independent variables of interest, such as private credit provision, remain statistically significant.

[108] Measures for state-related violence also have no consistent effect. The estimated effects of a country's recent coup history and an incumbent's military background fail to attain statistical significance in alternate model specifications.

The log odds on ethnic fractionalization are positive, but they are not statistically significant.[109] One possible explanation for this nonresult is that ethnic constituencies may be shifting over time as institutional reforms influence the incentives that politicians have to build minimum-winning coalitions.[110]

Conclusion

This study complements new research questioning the assumption that ethnic mobilization undermines democracy in multiethnic societies.[111] It contributes to our understanding of the conditions in which opposition politicians forge cross-ethnic alliances in multiethnic polities governed through patronage. My findings show that multiethnic opposition coalitions are more likely to be formed where incumbents have been forced to depoliticize the access to financial capital. Once entrepreneurs are no longer beholden to the regime in power, opposition politicians are able to secure the funding needed to successfully build multiethnic electoral coalitions. And such coalitions appear to emerge without requiring changes in formal political institutions such as electoral rules.

While this study is based on the multiparty experience in Africa, its findings hold several implications for the broader literature on democratic consolidation in multiethnic societies. A focus on opposition helps to unbundle the behavior of the actors least understood in the democratization processes of these countries. It may be apparent that an incumbent will respect democratic norms only when compelled to do so, but how a regime's opponents can work together to bring that about is less obvious. Examining the bargaining that leads to opposition coalitions may cast greater light on how the alliances necessary to impose limits on entrenched incumbents might emerge.

[109] The results remain the same in robustness checks that limit the sample to elections held in African countries with no ethnic majority. If countries with ethnic fractionalization scores below 0.4 on the 0–1 scale are excluded—Botswana, Burundi, Rwanda, and Zimbabwe—the estimated effects of private credit provision remain statistically significant. The results are also unchanged in robustness checks that use the Posner 2005 index of politically relevant ethnic groups as an alternative measure for ethnic diversity.

[110] Posner 2005.

[111] Chandra 2004a; Birnir 2007.

Appendix

Multiethnic Opposition Coalitions in African Elections, 1990–2005

Country	*Year*	*Coalition*	*Parties in Multiethnic Opposition Coalition*
Angola	1992	no	
Benin	1991	yes	Mouvement pour la Démocratie et le Progrès Social (MDPS), Union Démocratique des Forces du Progrès (UFDP), Union pour la Liberté et le Développement (ULD), Union pour le Triomphe du Renouveau Démocratique (UTRD)
Benin	1996	yes	Front d'Action pour le Rénouveau et le Développement (FARD-Alafia), Notre Cause Commune (NCC), Rassemblement des Démocrates Libéraux pour la Reconstruction Nationale (RDL-Vivoten)
Botswana	1994	no	
Botswana	1999	no	
Botswana	2004	no	
Burkina Faso	2005	no	
Burundi	1993	no	
Cameroon	1992	no	
Cameroon	2004	no	
Central African Republic	1993	no	
Central African Republic	1999	no	
Central African Republic	2005	no	
Chad	1996	no	
Chad	2001	no	
Congo	1992	no	
Côte d'Ivoire	1990	yes	Front Populaire Ivoirien (FPI), Parti Ivoirien des Travailleurs (PIT), Parti Socialiste Ivoirien (PSI), Union des Socio-Démocrates (USD)
Ethiopia	2000	no	
Ethiopia	2005	yes	All Ethiopia Unity Party (AEUP), Coalition for United and Democracy (CUD), Ethiopian Democratic League (EDL), Rainbow Ethiopia- Movement for Democracy and Social Justice, United Ethiopian Democratic Party (UEDP-Medhin)
Gabon	1993	no	
Gabon	1998	no	
Gabon	2005	no	
Gambia	1992	no	
Gambia	1996	no	
Gambia	2001	yes	Gambia People's Party (GPP), People's Progressive Party (PPP), United Democratic Party (UDP)
Ghana	1992	no	

Country	*Year*	*Coalition*	*Parties in Multiethnic Opposition Coalition*
Ghana	1996	yes	New Patriotic Party (NPP), People's Convention Party (PCP)
Ghana	2000	no	
Ghana	2004	no	
Guinea	1993	no	
Guinea	1998	no	
Guinea-Bissau	1994	no	
Guinea-Bissau	1999	no	
Guinea-Bissau	2005	no	
Kenya	1992	no	
Kenya	1997	no	
Kenya	2002	yes	Democratic Party (DP), Forum for the Restoration of Democracy-Kenya (FORD-K), Liberal Democratic Party (LDP), National Party of Kenya (NPK), National Rainbow Coalition (NARC)
Liberia	1997	no	
Liberia	2005	yes	Liberia First Group (LFG), United Party (UP)
Madagascar	1992	yes	Forces Vives Rasalama (FVR), Union Nationale pour le Développement et la Démocratie (UNDD)
Madagascar	1996	no	
Madagascar	2001	yes	Groupe de Réflexion et d'Action pour le Développement (GRAD-Iloafo), Mpitolona ho amin'ny Fandrosoan'i Madagasikara (MFM), Rénaissance du Parti Social Démocratique (RPSD), Tiako-i-Madagasikara (TIM)
Malawi	1994	yes	Congress for the Second Republic (CSR), Malawi Democratic Union (MDU), United Democratic Front (UDF), United Front for Multi-Party Democracy (UFMD)
Malawi	1999	yes	Alliance for Democracy (AFORD), Malawi Congress Party (MCP)
Malawi	2004	no	
Mali	1992	yes	Association Démocratique pour le Mali-Parti Africain pour la Solidarité et la Justice (ADEMA-PASJ)
Mali	2002	yes	Bloc pour la Démocratie et l'Intégration Africaine (BDIA-Faso Jigi); Mouvement pour la Démocratie et le Changement (MDC); Mouvement pour l'Indépendance, la Renaissance et l'Intégration Africaine (MIRIA); Parti de la Solidarité et du Progrès (PSP); Union Soudanaise-Rassemblement Démocratique Africain (US-RDA)
Mauritania	1992	yes	El Hor (EH), Mouvement Démocrates Indépendents (MDI), Mouvement National Démocratique (MND), Parti Mauritanien pour Renouveau (PMR), Union des Forces Démocratiques (UFD)

Country	*Year*	*Coalition*	*Parties in Multiethnic Opposition Coalition*
Mauritania	2003	yes	Alliance pour la Justice et la Démocratie (AJD), Coalition pour une Alternance Pacifique (CAP), Mouvement pour la Citoyenneté et la Démocratie (MCD), Parti pour la Liberté l'Egalité et la Justice (PLEJ), Union des Forces de Progrès (UFP)
Mauritius	1991	yes	Parti Mauricien Social Démocrate (PMSD), Parti Travailliste (PTr)
Mauritius	1995	yes	Mouvement Militant Mauricien (MMM), Parti Travailliste (PTr)
Mauritius	2000	yes	Mouvement Militant Mauricien (MMM), Militant Socialist Movement (MSM)
Mauritius	2005	yes	Mouvement Militant Socialiste Mauricien (MMSM), Parti Mauricien Xavier-Luc Duval (PMXD), Parti Travailliste (PTr)
Mozambique	1994	no	
Mozambique	1999	yes	Aliança Independente de Moçambique (ALIMO), Frente de Ação Patriotica (FAP), Frente Democrática Unida (FDU), Frente Unida de Moçambique (FUMO), Movimento Nacionalista Moçambicano (MONAMO), Partido de Convenção Nacional (PCN), Partido para o Progresso do Povo de Moçambique (PPPM), Partido Renovador Democrático (PRD), Partido de Unidade Nacional (PUN), Resistência Nacional Moçambicana (RENAMO), União Nacional Moçambicana (UNAMO)
Mozambique	2004	yes	Aliança Independente de Moçambique (ALIMO), Frente de Ação Patriotica (FAP), Frente Democrática Unida (FDU), Frente Unida de Moçambique (FUMO), Movimento Nacionalista Moçambicano (MONAMO), Partido de Convenção Nacional (PCN), Partido Ecologista de Moçambique (PEMO), Partido para o Progresso do Povo de Moçambique (PPPM), Partido Renovador Democrático (PRD), Partido de Unidade Nacional (PUN), Resistência Nacional Moçambicana (RENAMO)
Namibia	1994	no	
Namibia	1999	no	
Namibia	2004	no	
Niger	1993	no	
Niger	1996	no	
Niger	1999	no	
Niger	2004	no	
Nigeria	1999	yes	Alliance for Democracy (AD), All People's Party (APP)
Nigeria	2003	no	
Rwanda	2003	no	
Senegal	1993	no	

APPENDIX *cont.*

Country	*Year*	*Coalition*	*Parties in Multiethnic Opposition Coalition*
Senegal	2000	yes	Action pour le Développement National (ADN), And-Jëf/Parti Africain pour la Démocratie et le Socialisme (AJ-PADS), Ligue Démocratique/ Mouvement pour le Parti du Travail (LD-MPT), Mouvement pour le Socialisme et l'Unité (MSU), Parti Démocratique Sénégalais (PDS), Parti de l'Indépendance et du Travail (PIT), Union Démocratique pour le Fédéralisme (UDF-Mboolomi)
Sierra Leone	1996	no	
Sierra Leone	2002	no	
South Africa	1994	no	
South Africa	1999	no	
South Africa	2004	yes	Democratic Alliance (DA), Inkatha Freedom Party (IFP)
Tanzania	1995	yes	Chama Cha Demokrasia na Maendeleo (CHADEMA), National Convention for Construction and Reform (NCCR-Mageuzi), Tanzania Labour Party (TLP)
Tanzania	2000	yes	Chama Cha Demokrasia na Maendeleo (CHADEMA), Civic United Front (CUF)
Tanzania	2005	no	
Togo	1998	no	
Togo	2003	no	
Togo	2005	yes	Alliance pour la Démocratie et le Développement Intégral (ADDI), Comité d'Action pour le Renouveau (CAR), Convention Démocratique des Peuples Africains (CDPA), Pacte Socialiste pour le Renouveau (PSR), Union pour la Démocratie et la Solidarité (UDS-Togo), Union des Forces de Changement (UFC)
Uganda	1996	yes	Democratic Party (DP), National Liberation Party (NLP), Uganda People's Congress (UPC)
Uganda	2001	yes	Democratic Party (DP), Elect Kizza Besigye Task Force
Zambia	1991	yes	Movement for Multiparty Democracy (MMD)
Zambia	2001	no	
Zimbabwe	1990	yes	Conservative Alliance of Zimbabwe (CAZ), Zimbabwe Unity Movement (ZUM)
Zimbabwe	2002	no	

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