**Week 6 Short Assignment | POLI 276 | Matthew Draper | 10/31/19**

*Arriola makes reference to critical junctures and path dependence in his comparative analysis of Kenya and Cameroon. What is the logic of the critical juncture explanation, and what are the mechanisms explaining the observed path dependence?*

Leonardo Arriola (2013) attempts to give an account of opposition formation in African states. He asks why a coherent opposition arises in certain countries and not in others when nearly every authoritarian incumbent takes measures to prevent such an occurrence (28). Employing case studies of Cameroon and Kenya, Arriola posits that financial liberalization is the key development laeading to opposition coordination. He limits his universe of cases to those African states where "the principal axis of conflict runs along ethnic rather than ideological or class lines" (30). Briefly, Arriola's theory of pecuniary coalition formation states that politicians who wish to head multiethnic coalitions (so-called "formateurs") face a commitment problem vis-à-vis other ethnic groups. They can remediate this problem by recruiting other politicians with the appropriate ethnic credentials to solicit votes on their behalf. Such behavior also provides a signal that the putative formateur expects to have the resources and the support to build a robust multiethnic coalition.

Arriola argues that opposition politicians in African countries rely on the private resources of business to pursue a pecuniary coalition-building strategy (33). Once financial liberalization eliminates the state as a gatekeeper for capital, business owners will be willing to pay to protect their incipient gains by funding opposition politicians. Arriola thus predicts two equilibria – conditions of opposition coordination under financial liberalization, and opposition fragmentation under financial repression. In addition, financial liberalization will only take place in cases where the incumbent stands to benefit directly. Arriola proxies for this by coding incumbents on the basis of their co-ethnic relationship to the business and trading classes. He selects Cameroon and Kenya for detailed case study because the countries demonstrate divergent patterns of opposition behavior over time despite broadly similar institutional and sociological conditions. Despite these shared features, "[t]he financial reprisal regimes of Ahidjo and Kenyatta differed as a function of the perceived threat posed by business in each country.

Their perceptions of that threat depended on whether the entrepreneurs most likely to accumulate resources came from their own ethnic groups" (42).

To trace his proposed causal mechanism through each case, Arriola takes a critical junctures approach, focusing attention on the establishment of institutions that generate self-reinforcing path-dependent processes. A substantial literature has addressed sequence elaboration in the social sciences. These scholars have considered key concepts like temporal ordering, duration, critical junctures and path dependence (Mahoney 2009). The critical junctures approach focuses on those brief phases of institutional flux that enable dramatic change. A critical juncture is a relatively short period of time during which there is a substantially heightened probability that agents' choices will affect the outcome of interest (Capoccia and Kelemen 2007). Critical junctures arguments emphasize the lasting impact of choices made during critical junctures, and such junctures are deemed critical because they place institutional arrangements on paths or trajectories whose subsequent development is very difficult to alter.[1] Crucially, critical junctures typically develop in different ways in different states, and dramatic change need not be a necessary element (Capoccia and Kelemen 2007).

Arriola's explanation traces the process of financial discrimination by colonial authorities, creating substantial grievances among native populations. Foremost among these was the lack of credit, and this grievance galvanized political action in the nascent indigenous business sector (52). When the colonial state's attempt at remediating this discrimination proved insufficient, frustrated indigenous businessmen began to contemplate political action. Because of their financial and network centrality, the grievances of this native business class were prioritized over those of the agrarian population, and early political parties were typically founded by members of these urban professions, disproportionately

[1] Within a single case, how can it be possible to know whether a trajectory was very difficult to alter? The trajectory would seem simply to be the trajectory. Capoccia and Kelemen introduce the idea of counterfactual analysis to address this problem, but the standards of proof emerging from such analysis seem insufficient to justify claims such as these. We still cannot step into the same river twice.

featuring such urbanites in their leadership (56). Business entrepreneurs thus provided both the personnel and the financing for incipient political parties.

Independence complicated the relationship between entrepreneurs and politicians by reversing their roles. Once in office, nationalist politicians no longer depended on entrepreneurs for financing, and in fact these entrepreneurs came to depend on the government for access to finance capital (61). This allowed national politicians to use the state's gatekeeping position in finance to constrain the economic (and therefore also the political) autonomy of entrepreneurs, and ultimately led to the development of a financial reprisal regime designed to insulate leaders from political challenges.

Arriola's theory of pecuniary coalition building emphasizes the resource constraints encountered by opposition politicians in forging electoral alliances in patronage-based, multiethnic polities. In Arriola's argument, independence represented a critical juncture at which Africa's founding leaders chose the political strategies that would set their countries on distinct trajectories of financial system development (68). Arriola argues that those founding leaders who emerged from constituencies that directly profited from financial sector access were more likely to use inducements to bind businesses to their regimes. Founding leaders from nonexporting constituencies (focused on subsistence agriculture or domestic consumption) by contrast limited entry into commercial banking to reduce the likelihood that a well-funded challenger would emerge. Arriola thus explains the cross-national and diachronic differences among African states by an appeal to the divergent political incentives of post-independence leaders (70).

By engaging in this political manipulation of the banking system, African leaders imposed a considerable degree of path dependence on future development. These constraints activated a dynamic that became self-reinforcing over time. This dynamic worked by "shaping the expectations, and payoffs, on both sides of the business-state relationship" (75). By activating latent colonial mechanisms for financial repression, leaders with an interest in such repression found that it was particularly easy to

implement. Cameroon's independence leader Ahmadou Ahidjo came from a nonexporter constituency, while Jomo Kenyatta practically personified the constituency most likely to benefit from increased financial intermediation (96). As a result, Ahidjo had a much greater incentive to implement financial repression than did Kenyatta, and commercial banking developed very differently in each state.

Arriola's explanation is convincing, and provides a distinct explanation of African post-colonial development that seems to be an improvement on prior explanations based on the legal culture of the colonizing power. While I have reservations about the counterfactual approach, the critical junctures framework has clear explanatory power.