The Politics of Extraction

One of the major challenges for the advancement of democratic governance in Africa and throughout the world is that political leaders regularly extract resources from the state to gain political advantages over their opponents. This practice undermines democratic competition, threatens the rule of law, and weakens the capacity of state institutions. It is a common challenge across different political contexts: in authoritarian regimes where incumbents use state resources to maintain hegemonic power over their opponents, in newer democracies struggling to eliminate earlier authoritarian abuses of power, and, to a growing extent, in established democracies experiencing an erosion of their democratic institutions.1 The question of how to constrain leaders from using state resources to entrench their political power is what at least one observer has called “the core democratic dilemma of the early twenty-first century.”2 Perhaps nowhere is the extraction of state resources more central to existing models of politics than in Africa. Political competition across African countries is widely viewed as a contest over access to the state and its resources.3 Once in power, incumbent leaders make good on their political promises by using state power to distribute patronage to their political networks.4 They survive in office by co-opting those that threaten their political survival: granting opponents positions from which they too can extract resources from the state,5 so long as these practices do not seriously undermine the incumbent’s grip on power.6

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1 On authoritarian regimes, see Magaloni (2006); Greene (2007). On incumbent exploitation of the state in new democracies, see Geddes (1994); O’Dwyer (2006); Grzymała-Busse (2007), and in established democracies, see Levitsky and Ziblatt (2018: 79).
2 Gingerich (2013: 1).
3 Bayart (1993); Bratton and van de Walle (1997).
5 Widner (1992); Arriola (2009).
6 Roessler (2016); Arriola et al. (2021a).
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Whether in Africa or elsewhere, this extraction-based model of politics is associated with persistent and uniform state weakness. In “robbing the state of its revenues and developmental effectiveness,” politically driven extraction erodes the human and material capacities of the state’s executive and bureaucratic institutions.\(^7\) Widespread political extraction undermines the ability of governments to commit credibly to public policies,\(^8\) to meaningfully resolve distributional conflicts that arise in the face of political reform,\(^9\) and to manage the state apparatus in ways that advance longer-term economic growth and welfare provision.\(^10\) From this perspective, governing successes, if and when they do occur, are attributed largely to anomalous “pockets of effectiveness,” where bureaucrats are granted the professional autonomy necessary to effectively implement public policies.\(^11\)

What this model of political extraction tends to overlook, however, is that the processes of extraction are themselves varied, contentious, and constrained. In Indonesia, political parties compete with bureaucrats and military personnel to secure extractable state funds.\(^12\) In Nigeria, politicians seeking office compete for funds from political brokers, widely known as “godfathers,” many of whom have profited from past or present positions in government or parastatal organizations.\(^13\) In India, politicians at different levels of government extract political funds in ways that depend on the rents available to them and the broader power structures in which they operate.\(^14\) In Argentina, politicians depend on bureaucrats to collect bribes, especially in the weeks leading up to an election.\(^15\) And, similarly, in the United States in the nineteenth and early twentieth centuries, party bosses widely sought to place supporters in government jobs where they could extract material and political benefits for the party in power.\(^16\)

As these examples make clear, leaders do not simply and freely steal money from the state to finance their political operations, though that certainly does occur. Instead, they use a variety of strategies to access and control state money. These strategies involve different sets of state

7 van de Walle (2001: 123).
8 Pitcher (2012).
10 Bates (1981); Rose-Ackerman (1999); Guardado et al. (2018).
11 On “pockets of effectiveness” or similar phenomena, see, for example, Roll (2014); Whitfield et al. (2015); McDonnell (2020).
12 Mietzner (2007).
14 Bussell (2012).
15 Figueroa (2021).
16 Skowronek (1982).
1.1 The Concept of Political Extraction

personnel, public organizations, and networks of extraction; all of which reflect an array of problems and choices that politicians face in the course of extraction. In short, the “politician’s dilemma” for many leaders is not whether to exploit the state for their political advantage, but how to do so.\(^\text{17}\)

This book is about how and with what consequences leaders extract money from the state for political financing. Through the course of the book, I explain why incumbent political leaders devise different strategies of extraction. I further document how leaders manage state institutions in ways that advance their favored political extraction strategies, illuminating why there is such varied performance in the implementation of public policies in contexts of extensive political extraction. The book contributes new insight into why political competition does not always produce more capable, effective, and responsive states.

1.1 The Concept of Political Extraction

The practice of political extraction has generated significant attention in studies of politics and development both in Africa and around the world. Many scholars have focused on the extent of political extraction and its implications for outcomes such as economic growth, democracy, and citizen well-being. I pursue a different approach in this book: I focus on variation in how leaders extract political money from the state. Because competitive and social pressures to extract are widespread in many African countries, and because institutional constraints on extraction are often weak, I assume that extraction is prevalent and focus instead on the methods of extraction that leaders employ.

I conceive of extraction as part of a broad set of practices in which politicians use state power and resources to advance their political interests. Such practices range in scope, legality, and normative acceptance. They include widely accepted practices such as the creation of laws and policies designed to generate an electoral benefit for those in power. They also include illicit acts such as the diversion of state resources to a politician’s political purse, as well as government officials generating and collecting rents through their interactions with private actors, for example in the form of bribes or campaign donations. I view the exercise of state power for political gain as extractive when it involves the removal of resources from public or private domains and redirects them for private political benefit.

\(^{17}\) The “politician’s dilemma” is a reference to Barbara Geddes’ (1994) book bearing that title.
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Because I aim to explain variation in how politicians finance their parties and political campaigns, this study excludes leaders’ efforts to extract for their own personal enrichment. Although the lines between political finance and personal enrichment are sometimes blurred, extraction for political finance often involves actors and political dynamics that are distinct from extraction that is motivated by personal gain. By narrowing the scope of this study to extraction for political finance, I eliminate analytical noise associated with politicians’ personal proclivities for self-enrichment.

Moreover, I do not treat extraction as fundamentally corrupt. Corruption, commonly understood as the use of public resources for private benefit, implies behavior that deviates from established public interest norms and seeks to subvert existing rules. The core theoretical concern of the literature on corruption is whether officials have incentives to break with established rules and norms. This concern with rule-breaking is often moot in contexts where leaders experience strong pressures to extract and where they face few immediate costs of doing so. In such environments, leaders’ concerns are less likely to focus on whether to engage in extraction, but rather on questions about how to extract in ways that mitigate the political risks involved. It is these questions about the politics of extraction that form the central focus of this book, guiding both the development of my theoretical argument and the empirical approaches I employ.

1.2 The Argument in Brief

Since the early 1990s, politics in many developing and postcommunist countries have become both more competitive and more expensive. Incumbents are considerably more likely to lose power through elections than they were in earlier decades. They must also spend increasingly large sums of money to compete. Even in nonelection years, politicians often require vast sums of money to sustain their coalitions and political party organizations. Although politicians across the world face challenges in raising money, those in African countries are especially disadvantaged in this regard. One major obstacle to fundraising is the

18 Scott (1972); Mbaku (2000: 5). See Rose-Ackerman (1999: 7) and Kurer (2014) for reviews of this definition.
19 Scott (1969); Olivier de Sardan (1999).
20 For example: Weyland (1998); Norris and Van Es (2016); Wardle (2017); Kapur and Vaishnav (2018).
21 Greene (2007); Arriola (2012).
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clientelistic structure of politics: voters typically expect to receive material inducements from politicians rather than to provide any monetary or in-kind support to them. Even where there are growing incomes and middle-class urban populations, clientelistic linkages in which voters expect to receive material benefits from politicians remain prevalent.

In the absence of widespread supporter contributions, parties and candidates rely on a mix of other sources of financing. In Africa, public financing is formally available in around 70 percent of countries but, in practice, this support tends to be insufficient to cover campaign expenses. Domestic business communities have historically comprised an important source of political finance in African countries, but high levels of informality in the private sector and weak financial institutions mean that they, too, have serious limitations in their reservoirs of potential funding. Foreign multinational corporations looking to do business in African countries are also known to supply politicians with cash for their political operations. Although potentially very lucrative, this source of funding is, at least to some extent, constrained by domestic laws that prohibit foreign political contributions, by international laws such as the US Foreign Corrupt Practices Act (FCPA) or by citizens and opposition parties who view foreign sources of money with great suspicion.

Thus, in the face of both rising costs and limited fundraising opportunities outside of the state, politicians face serious obstacles in financing their political activities. Incumbents undoubtedly use the state and its resources to overcome these challenges. They do so by “extensively dipping into the state treasury for their own political needs,” and by distributing state positions, services, and economic opportunities in exchange for material support for their political campaigns. Incumbents further secure their own financial advantages by employing “financial reprisal regimes” – restricting opponents’ access to state-controlled resources, finance, or other economic opportunities.

Most scholarly accounts of extraction assume that incumbent leaders in Africa face few, if any, constraints in their efforts to extract political

22 Kitschelt and Wilkinson (2007); Hicken (2011); Bussell (2019); Stokes et al. (N.d.).
23 Nathan (2019).
24 International IDEA (2019).
25 For an overview of historical and contemporary business financing of politics, see Arriola (2012).
26 Reno (1999).
27 Molomo (2000).
29 Arriola (2012).
money from the state. Anecdotal accounts of repeated, egregious patterns of extraction by authoritarian leaders such as Mobutu Sese Seko in (then) Zaire and Teodoro Obiang in Equatorial Guinea have helped to perpetuate this view, as have major episodes of fraud and embezzlement that continue apace in many of Africa’s more democratic countries, such as in South Africa under Jacob Zuma or in Kenya under Daniel Arap Moi. Although institutional constraints on political extraction remain weak in many countries, leaders face a range of political constraints in the course of extraction. First, leaders must keep extracted resources away from current or future opponents. Empowering opponents with access to state money undermines the advantages that leaders derive from incumbency and risks depleting the resources available for their policy or political agendas. Second, leaders must protect themselves from the risk of prosecution. In the increasingly likely event that they lose power, leaders and their families become vulnerable to prosecution, often politically motivated, for causing financial loss to the state. These quests for (political) justice have often involved newly installed leaders seeking to paralyze former leaders (or their close affiliates) by subjecting them to legal action, exile, or imprisonment.

Incumbents therefore face a dilemma. They can mitigate the potential for future prosecution by delegating extraction to party agents and channeling extracted resources through more diffuse political networks, thus making extraction less visibly attributable to themselves. Delegation, however, magnifies the risk that extracted monies fall into the hands of political opponents, thereby jeopardizing their more immediate reelection prospects.

To understand how incumbent leaders navigate these politics of extraction, I focus on three specific challenges they face. First, leaders must consider to whom they can safely delegate extraction. Delegation to unreliable extraction agents can result in extracted resources falling into the hands of the opposition. Second, leaders must decide how they or their agents can best access state money and channel it to political coffers. Some channels of extraction may contain higher risks of leakage to the opposition as well as greater potential for future attribution to the incumbent leader. Third, political leaders must determine which instruments of control are available to ensure that extracted resources benefit their party.

How leaders address these challenges, I argue, is closely connected to the institutionalization of their political party. Institutionalized political parties are those with durability beyond a founding leader; coherent
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internal rules and procedures; established roots in society; and collective identities, brands, and values. Despite common conceptions of highly personalized forms of political organization in Africa, often with a “big man” at the center, there is considerable variation in party institutions across African countries.

1.2.1 Party Institutions and Extraction

The first part of my argument is that party institutionalization shapes leaders’ responses to the three extraction problems: who to select as extraction agents, how to channel extractable resources, and which monitoring and discipline instruments can be used to control extracted monies. Leaders embedded in more institutionalized political parties can, with greater confidence, delegate extraction to party agents, channel resources through diffuse party networks, and rely on the party’s internal instruments of monitoring and discipline. Party institutionalization therefore leads to more collusive strategies of extraction in which party agents work collectively to channel state money through supporter networks, enabling the incumbent leader to remain distant from extraction and evade attribution. A typical example of collusive extraction is when elite party agents, such as politically appointed ministers, award procurement contracts to party-affiliated businesses in exchange for kickbacks or material support for the party.

Leaders of parties with low levels of institutionalization, by contrast, rely on coercive extraction strategies. Fearing the defection of elites from the party, leaders eschew delegation of extraction to elite political agents. Instead they either manage extraction deals themselves, or co-opt or coerce more vulnerable actors, such as rank-and-file bureaucrats, whose compliance is more easily bought or coerced due to the attractiveness of their public sector jobs. Lacking stable party networks through which to channel resources, leaders concentrate their extraction efforts more intensely within state organizations, for example, by pressuring bureaucrats to collect rents or divert state revenues for the party.

Described in greater length in Chapter 2, this definition of party institutionalization draws on approaches developed by Mainwaring and Scully (1995); Randall and Svåsand (2002); Levitsky (2003); and Lupu (2016). Party institutionalization is related to, but not synonymous with, party system institutionalization (PSI). One principal difference between the two concepts is the unit of analysis. Whereas party institutionalization focuses on the characteristics of individual parties, PSI focuses on strategic interactions between parties.

Jackson and Rosberg (1982).

See Chapter 2 for a detailed discussion of this variation.
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rely on more coercive means of control, such as threats of dismissal or transfer, to ensure that agents extract in service of the incumbent.

Why does the level of party institutionalization lead incumbents to pursue these different strategies of extraction? First, the durability and organization of institutionalized parties help leaders to identify and select loyal and competent extraction agents. Through repeated election cycles and internal party competition, leaders learn about the competencies and loyalties of party officers, especially elite members who have worked their way up the party hierarchy. Leaders in institutionalized political parties can, with relatively low levels of risk, delegate extraction to reliable agents. Absent durable and rule-bound party institutions that facilitate these learning processes, leaders of parties with low levels of institutionalization are unable to identify and select competent and loyal extraction agents, choosing instead to extract rents themselves or delegate extraction to more coercible agents, such as rank-and-file bureaucrats.

Thanks to their party’s stronger roots in society, leaders of institutionalized parties are also better positioned to engage their party networks in extraction. They can channel money through partisan-aligned businesses or civil society organizations without fear that those organizations will use the extracted money to support opposition candidates or expose the party’s extraction efforts. In the absence of robust partisan networks, leaders have a more limited set of choices about how to access and channel state money, thus generating stronger incentives to concentrate extraction within state organizations.

Finally, by shaping the incentives of agents to act in service of the incumbent, party institutions also condition which instruments leaders can use to maintain control over extracted resources. Party durability lengthens the time horizons for agents, generating incentives to serve the party’s pecuniary and electoral interests. Strong internal organizations and collective values also incentivize agents to act in service of the party, as an agent’s failure to do so may jeopardize their opportunities for advancement in the party. Absent durable, organized, and value-infused party institutions, agents are more likely to defect from the party or manage resources in ways that do not align with the incumbent’s interests, driving incumbent leaders to use more coercive instruments to monitor and discipline agents.

This argument linking party institutions to extraction strategies, summarized under the heading “Extraction type” in Figure 1.1, implies that collusive and coercive modes of extraction emanate from two poles on a linear spectrum of party institutionalization. These two poles, however, do not exhaust the potential range of party institutionalization and...
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extraction strategies. Instead, they are designed to build a framework to understand how party institutions shape leaders’ choices about extraction. As I elaborate at greater length in Chapters 2 and 8, extraction in contexts of intermediate levels of party institutionalization may combine elements of collusive and coercive extraction. In other words, the argument can (and should) be adapted to alternative settings where party structures deviate from either the high or low levels of party institutionalization described here.

1.2.2 Extraction and State Politicization

The pursuit of these different extraction strategies implies important variation in the ways that governing party leaders strategically manage the state’s personnel and organizations. More specifically, extraction methods shape how – and how much – leaders politicize the recruitment of state staff, the rotation of executive personnel, and the day-to-day business of bureaucratic organizations. Although politicization occurs in both collusive and coercive systems, I argue that coercive extraction involves more intrusive forms of politicization that are, ultimately, more detrimental to the state’s pursuit of public policy goals.

Since leaders in collusive systems rely to a greater extent on elite party agents, they are likely to place their party loyalists into high-level executive positions, particularly those that oversee major extraction opportunities. In relying on elite extraction agents who they have come to know through repeated cycles of both internal and external party competition, leaders in collusive systems encounter fewer agency problems, leading to relatively stable and cohesive executive cabinets. Collusive extraction also requires less intrusive forms of political monitoring and interference in the day-to-day workings of bureaucratic personnel, since bureaucrats remain largely marginal to the collusive extraction system.

The patterns of politicization in coercive extraction systems are quite different. Fearing defection by political elites, leaders in coercive systems of extraction are unlikely to place elite party or coalition members into executive positions with access to extraction, favoring instead the appointment of technocrats or personal affiliates. However, these technocrats and personal affiliates often lack the political know-how necessary to navigate a highly challenging and fluid political environment.

34 Throughout the book, I distinguish between executive and bureaucratic levels of the state apparatus. The executive level includes the presidency, government ministers, and other elite-level positions. Bureaucratic institutions are organizations that employ career bureaucrats, that is, those that are neither political appointees nor temporary hires.
As such, leaders of coercive extraction systems frequently encounter agency problems that generate instability and undermine both their political and governing agendas.

Coercive extraction also politicizes and impairs bureaucratic institutions. In their efforts to co-opt rank-and-file bureaucrats as extraction agents, leaders in coercive systems more frequently apply political criteria in the recruitment of career bureaucrats, particularly to positions with access to rents and revenues. To effectively monitor and discipline their bureaucratic extraction agents, leaders are considerably more likely to interfere in the day-to-day work of bureaucratic agencies, threatening dismissal and other forms of reprisal for those who do not extract in service of the incumbent. These dynamics result in rather unproductive bureaucratic working environments.

Throughout the book, I explain how these patterns of politicization, summarized under the heading of “State politicization” in Figure 1.1, contribute to divergence in state institutional performance. Collusive extraction generates more cohesive, stable, and productive institutional environments where the simultaneous pursuit of both political and policy agendas is possible. The tactics involved in coercive extraction, by contrast, generate instability and mistrust within the executive in ways that undermine elites’ commitment to policy agendas. Coercive extraction also leads to greater levels of politicization and interference in bureaucratic organizations, generating a work environment characterized by paralysis and low levels of employee motivation. Even if leaders using

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**Figure 1.1 Overview of argument**

- **Extraction type**
  - **Collusive extraction**
    - Who: Trusted elite party agents
    - How: Partisan coalition networks
    - Control: Party norms and incentives
  - **Coercive extraction**
    - Who: Leader or coercible bureaucrats
    - How: State structures
    - Control: Threats of dismissal, reprisal

- **State politicization**
  - Elite executive politicization
  - Stable and cohesive executive
  - Minimal political interference in bureaucracy
  - Bureaucrat politicization
  - Executive instability from frequent rotations
  - Extensive political interference in bureaucracy