

# Chapter 6

## Death & Taxes: Strategic Responses to Opposition Control

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In the previous chapter, I argued that opposition control of local capacity allows these otherwise marginalized parties to build credibility and win over voters. The prevailing consensus is that any opposition parties which survive multiple electoral cycles must be co-opted by the regime with their continued existence decided by the regime. These accounts of autocracy would expect incumbents to simply rout any other opposition parties as soon as they start to threaten a challenge. The regime can use its incumbency advantage in resources and control of the rules of the game to unilaterally scupper opposition parties' chances. I challenge this view in this chapter. I show that, again, opposition control of local capacity<sup>1</sup> changes political competition in electoral autocracies. It changes the strategic interaction between opposition parties and incumbents by giving opposition parties tools to resist incumbent attempts to weaken them.

Opposition local governments face an uphill struggle because they work under an incumbent who wants to keep them weak. They can rely on little assistance from other parts of the government to fulfill their responsibilities and face the constant threat that the incumbents will change the rules of the game. However, the CCM in Tanzania has been unable to rout opposition parties at the local level despite the overwhelming advantages they enjoy. I argue that opposition parties have persisted by coming up with ways of using local state capacity to protect their autonomy. Local capacity allows opposition parties to act autonomously from the incumbent and assert their interests. This ability

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<sup>1</sup>By 'capacity', I refer to infrastructural capacity, the ability of the state to penetrate its territory and implement policies (Mann, 1985). Infrastructural capacity encompasses the resources the state can draw on to meet their objectives (*capabilities of the state*), where the state can implement their preferred policies (*territorial reach of the state*) and the effect of these policies on citizens' lives (*weight of the state*) (Soiffer, 2008). Mann distinguishes despotic capacity, the centralized repressive capacity of the state, from infrastructural capacity, the ability to make decisions and have them implemented throughout its territories. Despotic (or coercive) capacity encompasses institutions like the military, the police, the security services.

to go against the wishes of the incumbent allows them to not only deliver on their electoral promises but also resist regime restrictions. Opposition parties want to defend their record and perform well to maintain and win new support. The incumbent wants to undermine opposition parties' support and ultimately wrest back control of local capacity. Local capacity defines the set of strategies opposition parties have available to them. The breadth and depth of capacity granted to local governments gives opposition parties the flexibility to react to restrictions imposed by a hostile incumbent. I argue that opposition parties therefore strategically invest in local state capacity to win over voters and survive in electoral autocracies.

As this strategic interaction plays out, the incumbent and opposition may have to update their strategies to keep ahead. With opposition parties increasingly able to use their local capacity to counterbalance the incumbent, the incumbent may choose to draw on more punitive strategies to manage political competition. I argue that the escalation in violence and legalistic manipulation in Tanzania over the last two electoral cycles can be explained as a series of strategic responses to opposition parties which have resisted previous attempts to weaken them.

To show this, I use qualitative and quantitative data collected from politicians and bureaucrats in Tanzania. I trace the sequencing of regime constraints on opposition local governments and opposition innovations to bolster local capacity using evidence from over a hundred interviews with local bureaucrats and politicians and a novel dataset of local taxation and central transfers covering 2010-2017. I show that shifts in central-local relations followed from the strategic interaction between a regime seeking to limit the success of opposition local governments and opposition parties' attempts to resist this. I find that, despite facing clear fiscal and administrative disadvantages, opposition councils raise significantly more local taxes. Estimates suggest opposition control increases local revenues by between 11 and 200%.<sup>2</sup> Opposition councils use this additional revenue and other capacity investments to deliver on their promises and survive from one electoral cycle to the next. However, opposition parties later become a victim of their own success with the incumbent CCM turning to greater violence over time in response to their successful resistance.

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<sup>2</sup>These estimates vary given how conservative the model used is

## When do parties invest in state capacity?

In decentralized countries, service delivery and public good provision is contingent on local governments having sufficient capacity to fund and implement these projects. Decentralized powers may come ‘unfunded’ i.e. without fiscal resources to pay for the services and provisions local governments are now responsible for providing. Furthermore, limited local capacity makes revenue collection difficult, which compounds the difficulties in covering the cost of all decentralized responsibilities (Prichard & Leonard, 2010). Local government finance comes from a combination of central transfers and own source revenues, raised through local revenue collection like taxes, user fees and levies. If fiscal powers are weak, it is more difficult for local governments to use their administrative and political powers autonomously as central transfers are more likely to come with conditionalities (Falleti, 2010). This weakens the autonomy of the local state. When local state capacity is weak, it is therefore harder for the local state to assert their interests and govern with autonomy. Low local state capacity means the incumbent is far more likely to be able to overwhelm opposition parties in local government.

However, state capacity is not fixed. Indeed, when states invest in state capacity remains a central focus of scholarship in comparative politics (see recent review by Berwick & Christia, 2018). These investments are costly (Besley & Persson, 2008). While countries may benefit from higher state capacity in the long-run, it may not be possible or politically rational for the politician and bureaucrats that make up the state to make these investments in the short-run (Geddes, 1994). Local governments can choose to invest in local state capacity. However, the costs may be prohibitive. Investing in local state capacity involves hard financial costs (e.g. labor costs, construction of physical spaces, etc.), organizational costs (creation of systems to gather information, monitor employees etc.) and political costs (e.g. securing cooperation of vested interests within the state, cooperation of the citizenry, etc.).

Many polities invest in state capacity when they face the need to increase and regularize tax collection (Tilly, 1985; Bräutigam & Knack, 2004; Bräutigam, 2008). According to Levi, ‘*the history of state revenue production is the history of the evolution of the state*’ (Levi, 1988). Tilly’s theory of state-building proposes that modern state emerges in the face of a need to collect taxes to fund war (Tilly, 1985). In this theory, bureaucratic modernization and expansion comes in response to a threat. Prichard and Leonard (2010) argue that the need to tax can lead to investments in state capacity which can spillover to other functionings of the state in sub-Saharan Africa. Reforms in tax administration may lead to administrative innovations, pressures to improve related agencies, enhanced government

presence in remote areas and an impetus to collect more data and information.

As discussed in chapter 4, local control provides opposition parties an opportunity to win support and keep it. I propose that incumbent attempts to undermine this opportunity can create an impetus to build local capacity. In recent years, there has been a lot of attention on democratic backsliding and autocratization. Democratic backsliding and autocratization both refer to reforms which undermines or eliminates democratic or pluralistic institutions in democracies and hybrid regimes respectively. Backsliding can encompass multiple processes, some of which have been gaining prominence: promissory coups, executive aggrandizement and strategic manipulation of elections (Bermeo, 2016). Much of the existing work on backsliding details how incumbents have gone about debilitating institutions including the judiciary (Schepppele, 2013, 2015), free and fair elections (Devdariani, 2004; Corrales & Penfold, 2007; Manning, 2010; Esen & Gumuscu, 2016) and the media (Dyczok, 2006; Turam, 2012) in democracies. Other scholars have looked at how domestic institutions like the courts (Gibler & Randazzo, 2011) and international institutions like the European Union (Levitz & Pop-Eleches, 2010) may be able to temper legislation intended to bring about democratic backsliding. However, there is not much focus how the actors targeted by these anti-democratic reforms can resist backsliding. I contend that state capacity investment is one such strategy. Investment in state capacity becomes a strategy that opposition parties use to build support and survive in systems designed to keep the incumbent in power.

## Theory

*Note: I include an abridged version of the relevant section of my dissertation theory here for clarity of exposition*

To draw a clear link between opposition control and regime stability, I must also take into account strategic responses to this loss of control. How does loss of control change how incumbents manage competition and compete for votes? What strategies can opposition parties use to respond to this? What does this tell us about the effect of local control on opposition parties' prospects of success in electoral autocracies?

I argue that the loss of local control may induce incumbents to use costly and possibly destabilizing<sup>3</sup> legal and violent strategies to manage the threat from emergent opposition parties. These strategies

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<sup>3</sup>I discuss the effect of violence on voter preferences and subnational regime type in Chapter 7

make it harder for opposition parties to govern and increase the chances that their voters will go back to the ruling party at the next election. However, I argue that opposition control of local capacity makes it much more difficult for autocrats to unilaterally suppress opposition parties. Opposition parties can strategically respond to incumbent attempts to weaken them by investing in local state capacity. Investing in local capacity allows them to continue delivering services to their voters despite these new disadvantages imposed on them. Thus local control gives opposition parties the tools they need to not only win credibility, as discussed in Chapters 4 and 5, but to defend it against incumbent suppression.

As discussed in chapter 3, local infrastructural capacity is central to the incumbents' ability to gather information about the geography of opposition support, particularly between electoral cycles. Losing local elections makes it harder for them to use highly targeted low-intensity coercion and distributive politics. This is a potentially dangerous loss for incumbents because these strategies are among their most accurate and easiest/least costly to mobilize.

I contend that incumbents may engage in ‘strategic substitution’ when they lose local control, moving from local strategies to costlier centralized ones. Opposition control weakens incumbent durability if opposition parties can use local capacity to lower the costs and increase the benefits of opposition support to voters. Incumbents can reduce this threat if they can use their residual powers to blunt the effects of opposition control. Incumbents can respond to opposition local control in three ways. They can tolerate it, they can restrict it or they can repress it.<sup>4</sup>

Incumbents may choose to tolerate opposition parties when they first win control. By tolerate, I mean incumbents allow opposition controlled areas the same autonomy as incumbent areas. They may still favor incumbent areas but they do not impose any punitive restrictions on opposition areas. By tolerating, incumbents do not incur any reputational costs either domestically or internationally as they are seen to respect popular will. Indeed, extant scholarship suggests allowing regional opposition enclaves can strengthen incumbents by overwhelming opposition parties with duties (Aalen & Muriaas, 2018). However, I contend that a tolerated opposition is better able to use the strategies outlined in previous chapters to win support if they are sincerely office-seeking.

Incumbents may choose to restrict areas under opposition control. By restrict, I mean they use their

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<sup>4</sup>A plausible strategy would be to recentralize. However, it is incredibly costly to wholesale recentralize the local state. Attempts to recentralize in democracies and autocracies alike have been slow and expensive, met with popular discontent and were seldom successful in suppressing powerful local actors (Chen, 1991; Eaton, 2015; Madinah et al., 2015). Recentralization is generally only possible when presidents are able to exploit the political will that comes from resolving extraordinary crises (Kontizer & Wegren, 2006; Dickovick, 2014). Given this, most incumbents choose to work within the broad contours of a decentralized system.

control over the rules of the game to make it harder for areas under opposition local control to function autonomously. In so doing, they seek to exploit their hegemonic control of the rest of the state to de facto restrict opposition autonomy and still reap the benefits of local capacity elsewhere. If they can successfully restrict these areas, they can better preserve their punishment regime and undermine the opposition's ability to offer competing benefits. This strategy can take many forms. First, incumbents can undermine the autonomy and the welfare of opposition areas by cutting central transfers to them. Without sufficient funds, subnational institutions are reliant on the center for additional funding to fulfil their responsibilities. Second, electoral autocrats can 'activate' appointed roles to interfere with opposition local governments. These appointees may be bureaucrats, local executives, local commissioners, police chiefs, etc. In principle, these appointed positions are technocratic or advisory, a source of central oversight. This state capacity, reserved by the center to prevent mismanagement, can be activated to give the incumbent more of a gatekeeping role. Third, incumbents can also use their control of the rules of the game to change the terms of central-local relations.<sup>5</sup>

If incumbents restrict then they make it more likely that opposition parties will fail to maintain and gain support. However, using central capacity to restrict local autonomy affects both incumbent and opposition areas. This may alienate incumbent-loyal local elites who benefit from local autonomy (Landry, 2008). Central intervention may also alienate popular support. The greater the extent strategies disproportionately affect opposition areas, the more willing incumbents are to restrict.

Incumbents may choose to use violence to repress opposition areas. Violence may include punitive use of state security forces like the police and use of party militias. It may also include an activation of the coercive capacity of the appointees I discuss above. Local commissioners, local police chiefs etc. often have responsibility for public order in their jurisdictions. In electoral autocracies, the incumbent can use their control of these kinds of institutions to direct these appointees to use their powers to harass and attack opposition parties. Extant scholarship suggests incumbents choose to use violence to suppress opposition turnout. I argue that they may also use violence to waste opposition politicians' time, overwhelming them with legal costs, time in jail and the additional organizational burden of day-to-day fear of security services and other violence. Furthermore, incumbents may use violence explicitly to create disorder in areas under opposition control.

However, the strategic benefits of violence are uncertain (Davenport, 2017). It may undermine

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<sup>5</sup>Legal changes passed through quasi-democratic institutions have been the hallmark of the latest wave of autocratization (Luhrmann & Lindberg, 2019).

the incumbent's legitimacy in the eyes of moderate voters (Guriev & Treisman, 2018). There is also no guarantee that it will weaken opposition politicians and activists (Finkel, 2015). It may instead strengthen their resolve and lead opposition parties to become more skilled resisters.

Incumbents choose how to respond to opposition control based on their priors about the 'type' and quality of opposition party in power. This determines how much of a risk they think a given opposition party poses to them in the long-run. Incumbents have imperfect information about the intentions of opposition parties. They do not know *a priori* whether opposition parties sincerely want to challenge the incumbent at the national level or are more interested in rent-seeking in a regional enclave. Furthermore, the incumbent may think little of the opposition party's ability so assume support for that party will collapse after a single electoral cycle in charge.

The incumbent will only engage in strategic substitution, either restricting or repressing, if they think the opposition party in question is a sufficient risk to them to justify these costs. If the party is incompetent or not office-seeking, the incumbent incurs no costs by tolerating them and waiting for them to fail. If the opposition party in question is office-seeking, it is in their best interests to restrict or repress them to make it harder for opposition parties to maintain their popularity. However, imperfect information means that incumbents may initially misjudge opposition parties and tolerate an office-seeking opposition party.<sup>6</sup>

Given a sufficiently high threat, incumbents may escalate from restriction to repression to suppress opposition-controlled areas to prevent support from spreading. The struggle between the incumbent and locally empowered oppositions may push incumbents to make use of otherwise dormant despotic capacity. Given the costly and uncertain nature of violent politics, a turn to violence is most likely when incumbents face a sophisticated opposition party against which other centralized strategies have failed. The longer an opposition party survives and the more its support spreads, the more likely it is that incumbents will engage in strategic substitution to use central capacity to suppress opposition support at the local level. The more this threat grows, the more likely it is that the incumbent will escalate their use of central capacity, including and especially resorting to violence.

However, there is then no guarantee that the aforementioned strategies will be successful. I argue that local capacity gives opposition parties the ability to strategically respond to changes in incumbent strategy. When opposition politicians fill roles where they lack capacity – as MPs without portfolios,

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<sup>6</sup>I do not try and account for when and under what conditions incumbents may miscalculate. The important point is that miscalculation is possible and office-seeking opposition parties can avoid being repressed or restricted initially.

as political outsiders – they lack autonomy. Their ability to operate is contingent on the rules which govern their role. If the incumbent restricts their role, they are powerless to resist. Local capacity gives opposition parties autonomy at the local level. They can exploit this autonomy to come up with new strategies to build credibility when the incumbent seeks to frustrate their existing ones. Local capacity means opposition parties need not be passive amid efforts to constrain them.

Given the heterogeneity of the challenges faced by local institutions, local capacity is designed to be flexible enough to allow officials to deal with emergent local problems. Opposition parties control multiple policy areas and have influence over the amount and quality of the local capacity which can be used to administer these domains when they hold local control. This gives opposition parties the flexibility they need to outmanoeuvre the incumbent. If the incumbent restricts their powers in a key domain, the opposition can redirect their efforts to another area to defend their record in local government, exploiting the breadth of capacity they control. In so doing, opposition parties can continue signalling their competence to voters despite attempts to undermine them. Likewise, opposition parties can invest in state capacity to resist incumbent restrictions, improving the depth of capacity they control. This makes them better able to deliver services in their domains and so build and defend their credibility without relying on the incumbent. Local capacity and the ability to invest in it makes it possible for opposition parties to survive incumbent restrictions. The more capacity they invest in, the less reliant the local government is on central support to deliver on promises to their voters.

Thus, local capacity gives opposition parties the ability to resist the restrictions imposed on them. Local capacity gives them autonomy. Once the incumbent changes the de jure or de facto rules of the game – cut their funding, increase gatekeeping, disrupt day-to-day governance through violence – opposition parties can change how they use their local powers in order to keep delivering to voters. As I argued in Chapter 5, voters stay loyal to opposition parties if they can hold up their end of the compact that made them switch in the first place. Facing restriction or repression, opposition parties redirect and reinforce local state capacity so that they can maintain their credibility by continuing to deliver services.

Management of opposition parties and competition is often characterized as a one-sided incumbent decision. I argue that opposition control of local capacity turns it into a strategic interaction between opposition parties and the incumbent, which may go for several rounds of tit-for-tat resist and restrain.

Both sides are vying for control of resources and the political space to oppose because it influences voters' appraisal of benefits and costs of opposition. The need to defend opposition local autonomy can encourage investment in local state capacity that would not otherwise exist, which then allows these subnational units to assert their autonomy against subsequent challenges. This suggests that, given a sufficiently sophisticated opposition, frustrating opposition autonomy may not be enough to suppress opposition support and contain the threat of a credible opposition party.

## Empirical strategy

To test this theory, I trace the sequencing of incumbent strategies and opposition responses in opposition local governments in Tanzania and compare these to the treatment of incumbent local governments. The rest of the chapter is organized into three sections: incumbent restrictions, opposition responses and escalation to violence. Central-local relations have changed dramatically during this period. When the ruling CCM led the overwhelming majority of LGAs, local politics in Tanzania was a fairly quiet affair. Opposition areas received lower transfers and faced disadvantages but generally were left alone by the national government to run their LGAs as they saw fit. Opposition parties faced these disadvantages head on. They responded to incumbent attempts to frustrate their autonomy by investing in local tax collection, instituting new administrative procedures and engaging in conspicuous service delivery. Their popularity grew and eventually they took over many more local governments. Now, local politics has become a battleground in Tanzanian politics, not least over local autonomy. Since the election of President Magufuli, there has been increased intervention and disruption at the local level. The incumbent CCM has turned to new strategies to hamstring successful opposition strategies, ushering in a new and more concerted struggle for autonomy. I trace how each side has leveraged local capacity (both decentralized and under central control) to vie for supremacy over the other.

I take a mixed methods approach. I use process tracing to test my theory (Bennett 2010; Collier, 2011). I use evidence from around one hundred interviews with local bureaucrats in charge of public good allocation and Chadema and CCM local councilors conducted between 2016 and 2018 alongside administrative data on central transfers and local tax collection. I interviewed both opposition and ruling party councilors in all councils as well as the mayor where possible. I interviewed bureaucrats in the same roles in all councils.

My qualitative evidence focuses primarily on Moshi, Dodoma, Iringa and Mbeya, four small cities

with populations of less than 300,000. Dodoma, Iringa and Mbeya are middle income urban areas. Moshi is wealthier than the others, in large part because of tourist revenue from Mount Kilimanjaro and safaris. Dodoma is the official capital of Tanzania. However, this status has historically had few implications for the city beyond hosting the Parliament building and the President's Office in charge of local government.<sup>7</sup> Iringa and Mbeya are both located in the Southern Highlands with economies primarily based on agriculture, tourism and livestock. The politicians and bureaucrats running these local governments face similar challenges and tasks but they vary in their experience of opposition control. Moshi Municipal Council (MC) has been controlled by Chadema since 2010, Iringa MC and Mbeya City Council (CC) were taken over by Chadema in 2015 and Dodoma MC has been under CCM control since decentralization.

I leverage these differences to show what restrictions opposition councils face compared to regime councils, how these have changed over time and how opposition councils must operate differently to resist these restrictions. I also introduce evidence from several councils to demonstrate the generalizability of the incumbent restrictions and opposition responses in the main cases, particularly to opposition rural areas. Table 1 summarizes how the cases vary. All interviews were semi-structured and open-ended. I use my qualitative data to understand the form and logic of opposition and regime strategy across space and over time. Furthermore, I use this evidence to assess the extent to which strategic investment in state capacity allowed opposition parties to maintain good performance and survive over time.

In my quantitative analysis, I focus only on local taxes and transfers. I use administrative data collected directly from the Tanzanian government.<sup>8</sup> I test whether opposition councils receive lower transfers. These transfers are the primary source of discretionary funding that local governments receive from the central government. To test the extent to which opposition and other local governments invest in local state capacity in response, I focus on own source revenue collection over the same period. To raise local taxes, local governments have to invest in technical, physical and human resource capacity and systems. Local state capacity can take many forms. I choose to focus on local tax collection because of the importance of fiscal capacity to autonomy more broadly and it is measure of state

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<sup>7</sup>The city was created to be a geographically central capital. However, the region is very dry, has poor domestic and international transport links. As such, most of the government, all major commercial and diplomatic activity remains in Dar. Thus Dodoma is comparable to the other cities

<sup>8</sup>Different departments responsible for local government provided different data. The data I received has different year-to-year coverage which puts limitations on the analysis that can be done.

LGA	Region	Urban?	Income	Opposition?	Early mover?
Moshi MC	Kilimanjaro	X	High	X	X
Mbeya CC	Mbeya	X	Middle	X	
Dodoma MC	Dodoma	X	Middle		
Iringa MC	Iringa	X	Middle	X	
<i>Supplementary evidence:</i>					
Arusha CC	Arusha	X	High	X	
Chamwino DC	Dodoma		Low		
Iringa DC	Iringa		Low		
Hai DC	Kilimanjaro		High	X	X
Rombo DC	Kilimanjaro		High	X	
Moshi DC	Kilimanjaro		High	X	
Same DC	Kilimanjaro		Low		
Babati DC	Manyara		Low	X	X

**Table 1:** Case selection logic

capacity which can across used to compare across LGAs and over time. I use data on development transfers covering the financial years 2010/11, 2011/12, 2015/16 and 2016/17. This data covers a total of 455 LGA-years for development transfers<sup>9</sup> and 769 LGA-years for own source revenue. This period covers two electoral cycles, one beginning before the start of the dataset and one beginning in 2015.<sup>10</sup>. Demographic and economic controls are taken from National Bureau of Statistics (NBS) calculated district estimates. Election results were obtained from official returns from the National Electoral Commission (NEC).

In what follows, I appraise evidence for my theory against evidence for a few alternative explanations. First, incremental shifts in local policy may not be the result of a strategic interaction over local autonomy. Changes in center-local relations may follow for some reason like reforms to improve collection, efficiency, reforms to redistribute. Another concern may be that the patterns of policy shifts are not driven by different pressures facing opposition local governments. Rather they are driven by differences between the types of places which elect opposition local governments and those that do not. Places which support opposition parties may already have higher state capacity or may have richer citizens hence the ease with which taxes can be levied may be different. Therefore these places are just more likely ceteris paribus to institute these improvements in local revenue collection. Core to my argument is that the impetus to improve revenue collection and invest in local capacity comes from

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<sup>9</sup>This drops to 326 when I use lagged development transfers

<sup>10</sup>These are all councils which held elections in 2010 excluding Katavi region and Dar es Salaam City Council. I exclude Katavi temporarily because data limitations. I exclude Dar es Salaam City Council because it functions differently from all other councils, acting as an overarching organization for all other DSM councils.

restrictions on opposition local governments which makes these investments worthwhile when they were not previously. If this were not the case, we would expect to see similar districts (in terms of rural/urban, wealth, resource base) which differ primarily on partisan control to exhibit similar developments in local policy over time.

## Empirical Setting: Local Government in Tanzania

Local governments in Tanzania are responsible for funding these services through local governments budgets. The majority of local government budgets come from central transfers with approximately 5 to 30% coming from local government revenue collection. The LGRP defines a formula to determine these transfers based on population, poverty rate and area. However, actual transfers bear little resemblance to the predictions of this formula (Weinstein, 2011). Opposition councils have faced lower transfers since they began winning power in the 00s (*ibid*). Barring recent exceptions, revenues collected by local governments are deemed ‘own source revenues’ and can be used autonomously by local governments. Local governments can raise revenues from a range of taxes standard across local governments (LGs) or they can create novel taxes implemented in their LG alone.<sup>11</sup> The way in which tax is collected is at the discretion of the local government. To introduce a new tax or vary the rate of an existing tax, the politicians must get sign off. In the past, this was simply from the Executive Director (head bureaucrat) of the local government. Now, sign off must come from the President’s Office for Local Government and Regional Administration (TAMISEMI). Local governments also have the ability to create municipal capital projects - markets, malls, bus stations - to generate revenues from service fees. If this requires outside financing, these projects also require TAMISEMI sign-off. Thus, local governments have a range of fiscal powers but the regime maintains a gate-keeping role. Local governments in Tanzania have responsibility for electorally and substantively important public services as discussed. However, their fiscal position is vulnerable to regime restriction. Tax collection is done by LG bureaucrats and their subordinates at the ward and community levels. There is no standardization across LGs about how local bureaucrats engage in tax collection and how much time or budget should be spent on tax collection. It is the discretion of the leadership of the LG how much LG resources and capacity are directed towards tax collection. A lot of tax collection is ad hoc and informal.

All bureaucrats in Tanzania are centrally appointed. However, local governments can direct bu-

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<sup>11</sup>I summarize common taxes in Table 5 in Appendix

reucrats as to what their priorities and procedures are. Given this, the number of staff an LG has is fixed but the administrative capacity of the LG is not. The mayor or chair of the council, a politician, is paired with a District Executive or Municipal Director (DED, MD), a bureaucrat. The DED is in charge of all of the bureaucrats in an LG. The DED and the mayor must decide on budgetary allocations. If there is conflict, the casting vote goes to the district commissioner (DC). This is a presidential appointee who acts as ‘the president at the local level’<sup>12</sup>. In principle, the role is supervisory. In practice the DC (and the regional commissioner) can step in whenever they see fit and can call on significant coercive capacity. This organizational structure is summarized in Figure 6 in Appendix.

## Incumbent restrictions

Interviews highlighted that opposition councils face many restrictions on their autonomy. I focus only on councils under one party, Chadema. This is the main opposition party and has had local control in some places since 2005. In this initial electoral cycle, they were tolerated as they were only the 4th biggest opposition party at the time. However since 2010, the Tanzanian government has recognized the risk they pose and restricted them.<sup>13</sup> By tolerating them early, Chadema was able to gradually build from below. I trace incumbent restrictions, opposition responses and their escalation since this period of restriction started in 2010. These restrictions vary in form from place to place and over time but share some important commonalities. Incumbents use strategies which attack opposition councils’ solvency, delay or divert opposition projects and make it difficult for opposition politicians to claim credit.

Undermining LGs’ solvency by limiting their development transfers was one of the strategies most commonly cited by politicians and bureaucrats in interviews. When Chadema took over in Moshi in 2010, they reported a precipitous drop in central transfers.<sup>14</sup> Local governments receive central transfers to help cover both operating costs (OCs) and development projects. OCs cover bureaucrat salaries, office running costs and so on. The development budget has to cover the cost of providing public services and the construction of new public goods, including paying local government service workers. Figure 1 shows how substantial Moshi’s drop in funding was. From 2010/11 to 2011/12, their transfers fell again by almost 50%. In the same financial year, CCM LGs did not see any significant

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<sup>12</sup>Interview with schools bureaucrat, 2017

<sup>13</sup>As I will discuss in Chapter 7 and later in this chapter, they do not treat all Chadema areas equally

<sup>14</sup>Interview with former Moshi MC mayor, 2018; interview with Moshi MC mayor, 2017

change in their transfers.

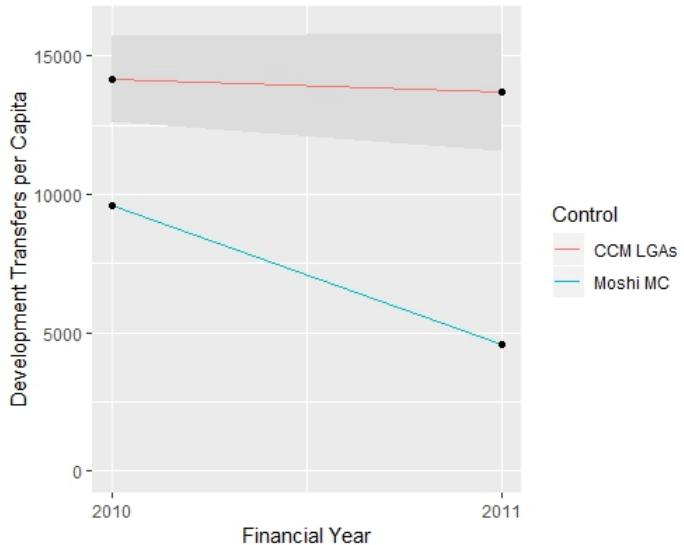
Indeed, administrative data shows that this strategy was common across opposition LGAs. First, I pool all council-years for which I have data on development transfers. Table 2 shows that, controlling for the demographic and economic profile of an LGA<sup>15</sup>, opposition areas receive significantly lower development transfers. Substantively, the coefficient on opposition control in Model 4 means that opposition councils receive 21% lower transfers than their regime counterparts. We may worry that those councils which voted for opposition parties in 2015 are different in important and unobserved ways from those which remained loyal to the CCM. Therefore, I restrict the sample to exclude those councils which were held by opposition parties at the start of the data to directly test the effect of a handover in power on development transfers. Table 6 in the Appendix shows that those councils which were taken over by opposition parties in 2015 received significantly lower transfers than those which did not change hands in the years after the handover. Opposition councils received 35% less development funding than incumbent loyal LGAs but these results. These results are robust to only including those handovers which came as a result of close elections (i.e. were decided by a small number of councilors) as shown in Table 7. I also run a fixed effects regression using LGA, year and two-way fixed effects in Table 8. By including a LGA fixed effect, I control for unobserved variation between LGAs and test only the effect of opposition control within a given LGA. I find that development transfers are 28 % lower when the LGA is controlled by opposition parties and that this difference is significant. However, the results are not robust to the inclusion of year fixed effects. This null result may be driven by the substantial drop in transfers across the board after 2015 as shown in Figure 5. Administrative data provides strong, if not conclusive, evidence that opposition LGAs all else equal receive substantially lower development transfers. This evidence corroborates my argument that the CCM central government makes systematic attempts to undermine the fiscal autonomy of opposition LGAs. In this case, there is clear evidence that LGAs face significant cuts to their discretionary budgets when they back opposition parties.

Cuts to their budget limit the extent to which opposition local governments can deliver services. In the immediate aftermath of the handover of power, Moshi MC struggled to cover the salaries of public health and waste management workers.<sup>16</sup>. Minimizing the spread of communicable diseases is one of

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<sup>15</sup>I control for log population, local government type (City, Municipal, Rural etc) and economic variables which are likely to influence the tax base like poverty rate, land ownership

<sup>16</sup>Interview with former Moshi MC mayor, 2018



**Figure 1:** Drop in transfers in Moshi after 2010 handover to Chadema

**Table 2:** Pooled Regression

	<i>Dependent variable:</i>			
	Log(Development Transfers)			
	(1)	(2)	(3)	(4)
Opposition Control	-0.137 (0.115)	-0.156 (0.106)	-0.265** (0.104)	-0.237** (0.112)
N	455	455	455	455
Population control?	No	Yes	Yes	Yes
LG type control?	No	No	Yes	Yes
Tax base controls?	No	No	No	Yes

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
All models use robust standard errors

the main roles that local government play and indeed it is one of the most conspicuous. Undermining opposition LGs' ability to fund these kinds of critical services is an easy way to make newly elected opposition governments look incompetent. These budget cuts posed a challenge for Moshi MC and was the first move in the ongoing strategic interaction between the Chadema local government and the CCM incumbent at the top.<sup>17</sup>

As the opposition LG got to work, the incumbent turned the screw in other ways. Even if opposition LGs can afford them, the incumbent obstructs opposition projects and policies to stop opposition parties getting credit from the electorate. Interviews suggest a fraught and even adversarial relationship between politicians and bureaucrats in Moshi MC, which makes it difficult to deliver on their promises. Opposition politicians are clear that bureaucrats are loyal to the incumbent. According to the Moshi mayor, 'they are all CCM. Because of that, the trust level is 50:50. The Municipal Director is a CCM appointee so he pressurizes civil servants.' This makes it harder for them to deliver services and make new policy. He continued 'We want to show CCM how to govern, we want to make broad, neutral policy. 21 wards, all under Chadema, even if 2 of them elected CCM councilors. But the civil servants do CCM area projects quicker, building classrooms, dispensaries there. Sometimes they refuse to follow instructions, use technical know-how to push off a project and leave it to die. We have to be very persistent.' He described how a plan brokered to help petty traders, who make up much of Chadema's core supporters, had been scuppered by bureaucratic interference. "We created a plan with the small entrepreneurs. We'd let them do business in public spaces like the bus station so long as it's clean. But the municipal (bureaucrats) blocked it. They moved off the small sellers and harassed them. They enforce these petty laws more strongly here than in other places. You think everything is running smoothly then you find them harassing the traders"<sup>18</sup> A long-standing councilor in Moshi explained why Moshi LG faces this interference. 'The problem is appointees stepping in when they think the project will only benefit Chadema. Credit for the policy would go to the party getting it done even though all citizens would benefit for the project. For example, they keep blocking the new bus station. They refused and redirected World Bank money to build new roads here too.'<sup>19</sup>

Indeed, one of the only CCM councilors in Moshi confirmed that credit claiming was a key CCM strategy at the local level. 'We have to stress that CCM is still in charge. We hold press conferences to

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<sup>17</sup>Interview with former Moshi mayor, 2017; interview with longstanding Moshi councilor, 2017

<sup>18</sup>Interview with Moshi mayor, 2018

<sup>19</sup>Interview with Moshi councilor, 2017

make clear our role is still large in Moshi. The Regional and District Commissioner have to make sure the local government delivers on the CCM manifesto. Their job is to claim credit for these policies.<sup>20</sup> Bureaucrats in Moshi and across all opposition LGs visited describe pressure to favour CCM areas from ministry-level bureaucrats, the Municipal Director (head bureaucrat) or the District Commissioner.<sup>20</sup> Fearing for their jobs, bureaucrats will generally comply. Bureaucrats get orders from the top, from the incumbent to frustrate opposition governance and make it harder for them to deliver.

All councilors interviewed in Kilimanjaro all agreed that these defund, delay and distract tactics in Moshi and elsewhere were an attempt to frustrate the ability of opposition local governments to rule. ‘Ultimately the CCM wants to shine’ and Chadema performing well makes that harder for them argued the chair of Hai District Council.<sup>21</sup> A councilor in Moshi said cuts to council funds were to ‘try and punish and oppress people here for voting for Chadema.’ One councilor in Moshi Rural noted that the development funds which had existed before his own council changed hands had dried up. When asked why this was, he replied: ‘It is a punishment for disloyalty. It is a political agenda. CCM let people suffer in order to be punished for their disloyalty; they only provide a budget for basic needs’<sup>22</sup>

## Opposition responses

Facing these restrictions, how do opposition local governments survive let alone thrive and win over of voters? Councilors in Moshi came up with ways of using and improving on their new capacity. This allowed them to make good on their promises and grow their support. Given the restrictions they faced financially, solvency was the first thing they addressed. Own source revenues is ‘the only money that does not need a signature from the ruling party’.<sup>23</sup> Opposition councilors recognized that their ability to raise this revenue would ameliorate some of the restrictions imposed on them. They held strategy meetings to generate ideas of how to deal with the much more difficult conditions they now faced. Moshi MC then took the ‘conscious decision to be strict’ on revenue collection because ‘Chadema councils obviously have to collect more taxes’ given the budget constraints they face.<sup>24</sup> When Chadema took over Moshi MC in 2010, the tax base they inherited was low. Revenue collection was disorganised and

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<sup>20</sup>Interview with Moshi bureaucrat, interview with Moshi bureaucrat, interview with Iringa bureaucrat, interview with Moshi Rural bureaucrat

<sup>21</sup>Interview with Hai chair, 2016

<sup>22</sup>Interview with Moshi Rural councilor

<sup>23</sup>Interview with Moshi mayor, 2018

<sup>24</sup>Interview with Moshi MC councilor

sporadic. Ward bureaucrats were sent out as and when money was required with little supervision or oversight (Fjeldstad & Semboja, 2000). Business licenses were not required uniformly.

In response to the cut in transfers, opposition politicians in Moshi directed civil servants to regularize collection. They directed them to create databases to register businesses, to assess what is owed in property taxes and other taxes they had power over. Ward bureaucrats were sent to survey their wards and register houses, hotels, bars and so on. This was then aggregated to produce a new tax baseline. Revenue collection was audited against this baseline every three months.<sup>25</sup> The Executive Director of the council was instructed to prioritize this process over other administrative duties. Opposition politicians constructed new administrative systems and procedures to improve the ability of the local government to collect revenues. These new procedures represent new local capacity because they are systematic and they create tools which bureaucrats and politicians can use going forward. Opposition politicians did not simply increase tax collection, they invested in state capacity to increase long-term tax takings and so bolster their autonomy.

Importantly, these practices did become persistent as Figure 2 suggests. According to the current mayor of Moshi, who took over in 2015, ‘our music everyday is to keep the databases up to date’, making sure to increase collection without increasing rates. Bureaucrats are expected to keep the registries for their wards up to date. Progress on collection and registration is audited every three months at Finance Committee meetings.<sup>26</sup> By 2016/17, collection had increased to 380 million shillings<sup>27</sup>. This all contrasts how the last CCM mayor of Moshi discussed local taxation. Because the ‘money was coming in’, the council relied on existing property tax revenues and transfers.<sup>28</sup> Local revenue collection improved as a result of the investments in local capacity made in response to the isolation and restrictions face by this opposition council.

Politicians in comparable areas still under regime control did not point to any major changes in local fiscal policy during the same period.<sup>29</sup>. Dodoma Municipal Council has been under significant pressure to improve local performance. Magufuli has committed to moving more of the government to Dodoma. Despite facing more pressing demand for service provision than comparable municipal

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<sup>25</sup>Interview with Moshi bureaucrat, 2017; interview with Moshi politician, 2017

<sup>26</sup>Interview with Moshi mayor, 2018

<sup>27</sup>Interview with Moshi Mayor, 2018. NB figures here are not verified, should be viewed as illustrative of change at this point

<sup>28</sup>Interview with former Moshi mayor, 2018

<sup>29</sup>Interview with Iringa MC CCM former mayor, interview with Dodoma MC CCM councilors; interview with Arusha CC councilors

councils like Moshi, politicians and bureaucrats in Dodoma did not describe any impetus to prioritize revenue collection before 2017.<sup>30</sup> Before later cuts in transfers, politicians were confident in their ability to get access to central transfers. As one Dodoma councilor put it, ‘before we were OK’. ‘Local taxation is far more important now that budgets have been cut. In the past, we had less of an issue and didn’t have to concentrate on it.’, according to a councilor in Chamwino.<sup>31</sup>

This difference holds more broadly. Table 9 shows the effect of opposition control on the pooled LGA-years for own source collection. I find that opposition controlled councils collect 31% higher taxes when controlling for economic and demographic profile of the LGA. However, it is difficult to make causal statements about this kind of simple pooled regression. I therefore again restrict the sample to look only at those councils which were not under opposition control before 2015 with results in Table 10 in Appendix. I find that own source revenue in councils which handed over power to an opposition party in 2015 were more than double than those in regime areas, when controlling for economic and demographic profile. When I also control for year dummies, this effect falls to 56% but remains highly significant.

**Table 3:** Fixed effects regression

<i>Dependent variable:</i>			
	Log(Own Source Revenues)		
	(1)	(2)	(3)
Opposition Control	0.485*** (0.097)	0.517*** (0.169)	0.125** (0.061)
Year FEs?	No	Yes	Yes
LGA FEs?	Yes	No	Yes
N	769	769	769

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
All models use robust standard errors

To be able to make stronger claims, I again look at the subsample of close elections. While the results are no longer robust to inclusion of year dummies, I find that opposition councils still collect significantly more revenues than those councils which were narrowly retained by the CCM,

<sup>30</sup>Interview with Dodoma MC bureaucrat, 2017; interview with Dodoma MC councilors, 2017

<sup>31</sup>Interview with Chamwino councilor, 2017

when controlling for district profile. Substantively, the coefficient shown in Table 11 indicates that opposition councils collect twice as much tax as their regime counterparts. The most rigorous test of the relationship between opposition control and local revenue raising that I can perform is shown in Table 3. I run fixed effects regressions testing the effect of opposition control on own source revenues, including LGA, year and two-way fixed effects respectively. Model 1 includes LGA fixed effects allowing me to control for unobserved differences between councils and generates within-unit estimate of the effect of opposition control on revenue raising. The estimate in Table 5 shows that opposition councils collect 62% more tax. We may worry that the results are being driven by a general trend in revenues over time, for example a national level effort to regularize tax collection may just so happen to occur at a time when many handovers are taking place. I therefore include year fixed effects in Models 2 and 3. Model 3 is the strongest test of my hypothesis that opposition local governments invest more heavily in local state capacity. By including both LGA and year fixed effects, I control for unobserved differences between councils and general trends in revenue raising over time to isolate the effect of opposition control on tax collection. I find that opposition control does have a significant effect. Opposition councils, even with these powerful controls, raise 13% more tax in a given year than incumbent councils.<sup>32</sup>

Opposition councils receive lower transfers and raise more taxes. In my theory, I hypothesize that increase tax taking is a response to lower transfers. To test the effect of development transfers on revenue raising, I run further fixed effects regressions in Table 4. In models 1 and 2, I control for development transfers in the same year and lag them by one year in models 3 and 4. I find that higher development transfers are associated with lower tax collection. These results are in line with my theory that when councils receive lower transfers, they respond by increasing tax revenue. Note that transfers are determined at the start of the financial year and taxes declared by the end so both measures of transfers are prior to revenue raising. Opposition control has a positive and significant effect on tax collection for both measures. Thus the Table 5 provides evidence that councils with lower transfers raise more taxes to compensate and opposition councils indeed raise more.

Are these differences simply driven by the fact that opposition LGAs are different ‘types’ of places (more urban, wealthier) than regime ones? In Figure 3, I plot the differences in proportions between CCM and opposition areas in the 2010-15 and 2015-2010 electoral cycles. Opposition areas are indeed

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<sup>32</sup>This result is robust to a restricted sample of only councils which had no redistricting during the whole study period.

**Table 4:** Fixed Effects Regression

	<i>Dependent variable:</i>			
	Log(Own Source Revenues)			
			<i>Lagged</i>	<i>Lagged</i>
	(1)	(2)	(3)	(4)
log(Transfer)	-0.345*** (0.051)	-0.309*** (0.050)	-0.265*** (0.057)	-0.243*** (0.056)
Opposition Control		0.693*** (0.126)		0.492*** (0.142)
Observations	455	455	325	325
LGA FEs?	Yes	Yes	Yes	Yes

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

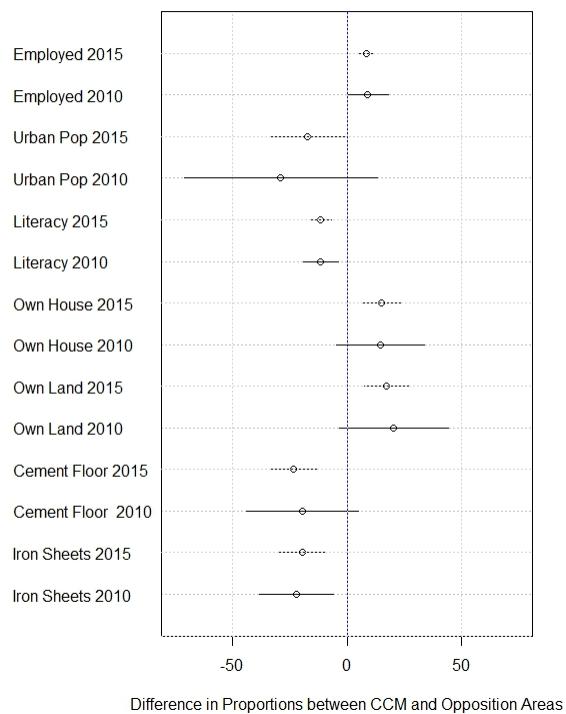
All models use robust standard errors

more urban although as the wide error bars suggest, there is substantial variation between opposition councils. Opposition areas are more educated and better off, as measured by the proportion of homes which have an iron sheet roof or a cement floor. However, other measures relevant to the tax base are more higher in CCM areas. A higher proportion of the population owns land or a house in CCM areas and citizens in CCM areas are more likely to be employed. Given this covariate balance, it is not the case that opposition councils exist in places where the tax base is clearly superior.

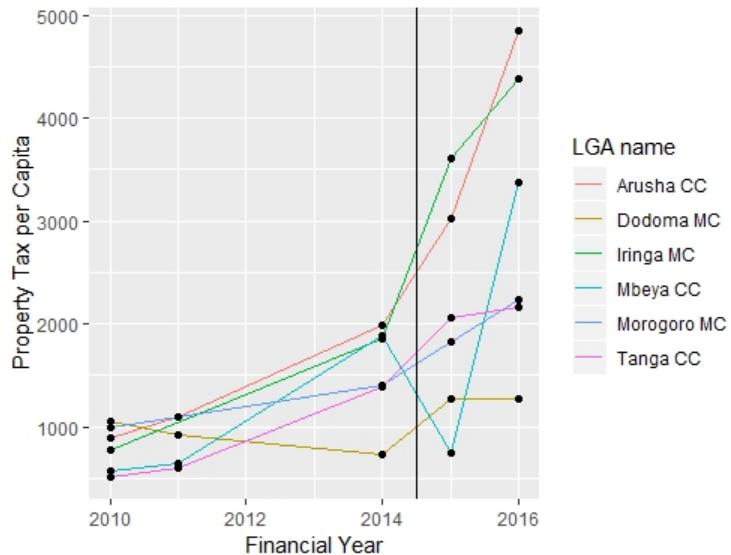
The results of this analysis is in line with interviews done in councils which changed hands in 2015. These new opposition councils also faced cuts in their central transfers after the handover. They learned from Moshi and other early movers' example. Councilors in new opposition cities describe strategy meetings like those described by leaders in Moshi. Opposition councilors recognized that they needed to make up the gap and had to come up with their own strategies to do so. Figure 4 shows that property tax takings jumped in Arusha, Iringa and Mbeya after opposition victory in 2015. Collection in these cities, all previously under CCM, had been indistinguishable from similar urban areas shown before 2015.<sup>33</sup> Mbeya CC faces a lower potential tax base than both Moshi and Dodoma. Despite this, politicians and bureaucrats have been proactive in formalizing collection and innovating new

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<sup>33</sup> Mbeya shows a substantial drop in property tax takings in 2015 for a single year. The city was embroiled in a corruption scandal at the time with the CCM former Mayor and City Director charged with fraud. 2015 saw the new administration (both opposition politicians and centrally appointed bureaucrats) 'clean house' and replace much of the staff in Mbeya City Council. This disrupted normal operations of the council.



**Figure 2:** Covariate balance between CCM and opposition councils after the 2010 and 2015 local elections



**Figure 3:** Property tax collection in urban areas after handover. Arusha, Iringa, Mbeya were under Chadema leadership from 2015. The rest remained under CCM

approaches to revenue raising. In Mbeya, bureaucrats and politicians were directed to create collection clusters with small groups of politicians and bureaucrats to each to maximize tax collection. First, bureaucrats surveyed local areas to establish a tax baseline of businesses and households, a resource which did not exist before. These clusters will then be subject to targets to ‘to make sure every coin is collected that should be’.<sup>34</sup> As in Moshi, the handover created the impetus to invest in capacity.

With the solvency that came from local taxes, opposition councils averted disaster and could govern. This allowed them to engage in the service delivery that would ultimately win over voters (as discussed in Chapter 4 and 5). However, for this to happen, they had to ensure their projects were completed and credit duly claimed. This meant they had to overcome the administrative delays and political distractions used by the incumbent. Again, Moshi and other opposition LGs again responded by investing in capacity. They invested in monitoring procedures to reduce budgetary waste and improve the administrative capacity of the local government. Furthermore, they prioritized conspicuous service delivery. Improving access to public amenities, lowering communicable disease rates and improving access to food are the bread and butter policies of local government in low income countries like Tanzania. Moshi and other opposition LGs invested in local capacity - roads, waste management facilities, bridges - to improve their performance on these key policies. Opposition politicians were clear that they have to be seen to be working despite the restrictions they faced. They did so by

<sup>34</sup>Interview with Mbeya councilor, 2017

increasing the presence and performance of the state in their jurisdictions.

Corruption has long been a problem in Tanzania. Local governments are resource constrained and these resources are often misappropriated by politicians and bureaucrats. In 2016, President Magufuli announced a major anti-corruption drive to root out ghost workers and reduce embezzlement at the local level. However, opposition LGs like Moshi had already put in place their own localized reforms to improve the administrative capacity of the LG. They used their control over administrative oversight at the local level to minimize corruption and increase administrative performance. ‘We all work within the same local government laws but Moshi has been ahead of the rest. We always have strict follow up with bureaucrats. We had to get things working better. We cut down on embezzlement, got rid of ghost workers’.<sup>35</sup> To get things done, Moshi improved the monitoring of bureaucrats and improved the capabilities of the local state. The opposition LG in Mbeya also took similar steps upon taking over in 2015. As one councilor said, ‘there is a lot of bureaucracy in system, there is a lot of leakages - corruption, transaction costs, everything - we are trying to contain that to increase revenue’<sup>36</sup>. Opposition LGs invested in administrative as well as extractive capacity.

Furthermore, they invested heavily in fixed capacity. Opposition local governments have control over a broad range of issues from education to healthcare, public health to transport. To win over voters and get credit for their performance, opposition parties have to be able to claim responsibility for service delivery. In Tanzania, building and running high performing schools and hospitals is expensive, difficult and requires local governments to work closely with national ministries. In contrast, building roads and bridges and maintaining the environment can be done with little external assistance. Paved roads are hugely important for the communities linked by them, they are highly visible and increase the reach of the state. Good environmental practices and facilities improve public health, reduce the burden on private citizens and again are highly visible. In Moshi, these two policies became clear priorities after Chadema took over in 2010. A Moshi councilor showed me a large book of photos of roads and projects, all funded by own source funding. He explained why ‘we build things with good quality. We are strict on cleanliness and the environment. It gives us a better chance of winning if we can point to concrete things’.<sup>37</sup> Over 8 years, the Moshi LG managed to pave ninety per cent of local roads, far more than comparable areas.<sup>38</sup>

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<sup>35</sup> Interview with Moshi councilor, 2017

<sup>36</sup> Interview with Mbeya councilor, 2017

<sup>37</sup> Interview with Moshi councilor, 2016

<sup>38</sup> Interview with Moshi mayor, 2018

When they won power in 2015, the Chadema LGs in Mbeya and Iringa emulated this example. The new mayor of Iringa made this clear ‘the biggest thing for the council is the green and cleanliness of the town. We try to maintain and build roads. We try and just make sure everything is running well with the money we have so we can look like we’re working’<sup>39</sup> Mbeya also invested early in fixed capacity to improve public welfare as a councilor explained. ‘We built a bridge with the district council to improve farmers’ access to the city to sell food. They are our only source of food. We did this to bring down the cost of food and this allowed us to stabilize food prices. We built multiple bridges in the last year after getting in office. We used the road fund to build the bridges, two or three done through own source - all in 2016. This brought down food prices and was very popular’<sup>40</sup> Opposition LGs invested in visible, fixed capacity which allowed them to more effectively meet their policy goals and so win over voters.

Opposition parties came up with a range of strategies, leveraging their control of local capacity, to resist the restrictions imposed on them by the incumbent CCM. These restrictions proved unsuccessful in undermining opposition autonomy. Up until 2016, opposition LGAs appeared in good stead. They strategically invested in whatever capacity allowed them to combat the specific disadvantages imposed on them and meet the demands of the voters in that area. In 2015, Moshi and other early movers re-elected opposition local councils. Furthermore, voters handed control of the majority of urban local councils to Chadema and other opposition parties in the 2015 elections. As discussed in the previous chapter, new opposition voters pointed to the examples shown in the early moving councils.

## Escalation

Before 2015, opposition LGs were subject to moderate restrictions. Their transfers were lower, they were subject to bureaucratic interference and the ruling party tried to claim credit for their achievements. However, opposition parties winning local control in most urban areas in the country represented a major shift in Tanzanian politics. After the 2015 election, opposition parties became responsible for delivering services to between twenty and twenty five per cent of the population, significant and strategically important minority. It also gave Chadema and other opposition parties access to a fairly substantial tax base. With the Chadema candidate for President winning 40% of the vote in the 2015

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<sup>39</sup>Interview with Iringa mayor, 2017

<sup>40</sup>Interview with Mbeya councilor, 2017

presidential election, prospects looked good for 2020 in the weeks following the elections. Chadema had become a credible threat to regime power.

I argue that when opposition parties pose a threat and previous attempts to restrict them are unsuccessful, electoral autocrats are likely to resort to more extreme tactics to suppress them. Indeed, I find that Chadema's growing popularity and increase in local control was met with an escalation in incumbent hostility in 2015. The CCM moved away from the more subtle defund, delay and distract tactics to more overt ways of disrupting opposition parties at the local level after 2015.

However, as in the previous electoral cycle, I find that opposition resistance limited the effectiveness of these strategies. Again, the CCM escalated to costlier ways of restricting opposition local governments. After 2017 the CCM activated local coercive capacity, which had otherwise been dormant to control politics in opposition LGs. Mbeya and Iringa's attempts to assert autonomy were met with very different responses than Moshi's was in the years following Chadema's initial victory there. This escalation in strategies on both sides has meant this latest phase in the strategic interaction between opposition parties and the CCM has been marked by unprecedented violence and attacks on local autonomy.

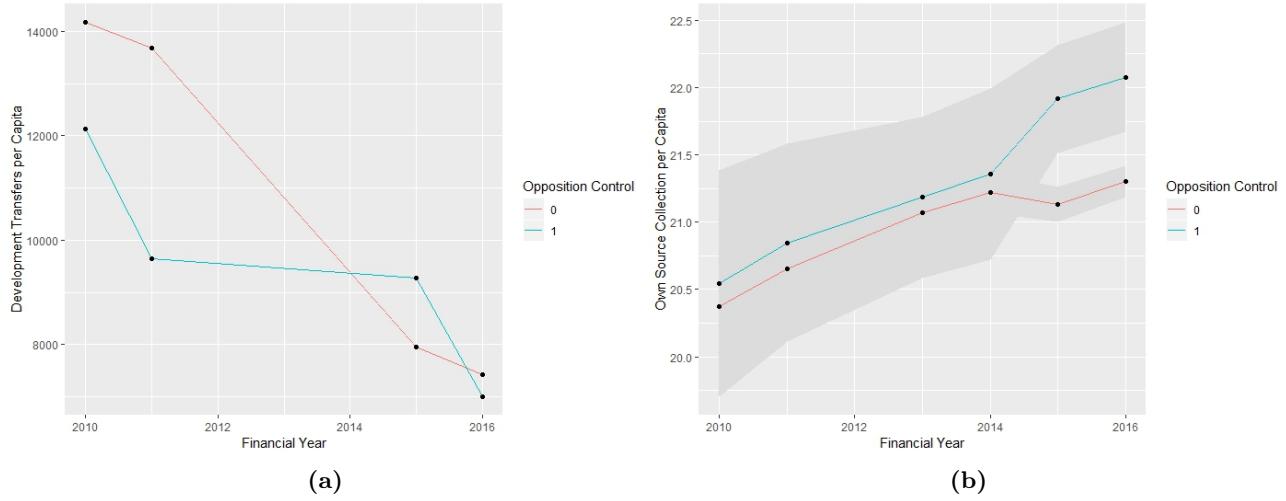
Upon taking control of Dar es Salaam, Mbeya, Arusha and other key cities and municipalities, Chadema made clear that newly elected local politicians were expected to raise money and 'be exceptional', emulating the examples that had come before including Moshi MC.<sup>41</sup> In the first months and year of opposition local control in these areas, Chadema politicians did perform well. However, the conditions they faced began to shift. As one councilor in Mbeya noted, 'when opposition took over here, it started softly and we had more freedom. Now we are making important decisions and working hard but they are restricting us...It's all politics. We know things are stuck because they have put the brakes on'.<sup>42</sup> Indeed, the incumbent CCM has a variety of different 'brakes' they can call on. Decentralization does not move control of all local capacity to elected local governments. This reserved local capacity leaves the CCM with a repertoire of strategies which they can use as necessary.

The CCM slashed discretionary funding to local governments across the board. Figure 5 shows that funding to local governments plummeted after 2015. However, in an escalation of strategies, the CCM used their control of the rules of the games recentralize local powers. In 2016, it was announced that property tax would be recentralized. The tax, which collects a small percentage of a property's

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<sup>41</sup>Interview with Mbeya councilor, 2017

<sup>42</sup>Interview with Mbeya councilor, 2017



**Figure 4:** Average central transfers and local taxes over time

value every year, is primarily collected in municipal and city councils. Another major source of urban local government revenue, billboard tax earned from municipal owned advertisements on lampposts and billboards, was recentralized in July 2017. With both of these reforms, urban LGAs stood to lose a substantial percentage of their own source revenues.

By targeting these taxes in particular, the reform disproportionately affected those areas which had already gone to the opposition and which had already invested in capacity to collect those very taxes. Opposition politicians were clear that they suspect this reform was specifically targeted to hurt cities and hence their party.<sup>43</sup> While CCM LGAs are also subject to these cuts in transfers and tax-raising powers but they did not see similar consequences for their autonomy. After the election of Magufuli, funding to all local governments became more ‘informal’. LGAs are now increasingly reliant on discretionary transfers from ministries and other central government bodies.<sup>44</sup> This kind of discretionary funding is easier for CCM LGAs to get hold of. A Mbeya councilor described how this works in practice. ‘We have a lot of limits and directives (about the use of central transfers), a lot more than before. We can have our plans, especially for development projects. They say ‘no we can’t give funds for this and that’; they discourage us and say they won’t support us on these projects. They will then say they will give us money but only for these other things, what they want and in their areas’. In contrast, councilors in regime areas expressed confidence that the regime would ‘shepherd’ them as

<sup>43</sup>Interview with chair of Rombo Council, 2017; interview with Iringa councilor, 2017; interview with Moshi councilor, 2017

<sup>44</sup>Interviews with bureaucrats in Dodoma, Chamwino, Iringa, Mbeya

they are one with the regime.<sup>45</sup> Councilors point to their loyalty, their unity with the President and central government and their trust that the funds will be found. Indeed, money into these councils comes largely without conditionality.<sup>46</sup>

The incumbent's escalation was not limited to local finances. The bureaucratic interference I describe in the previous section only escalated. Eighty seven per cent of opposition councilors interviewed mentioned that RCs and DCs had interfered with their jobs. Most of these said that the level of intervention they were facing was much higher than in previous years. Only around twenty per cent of CCM councilors described any intervention from RCs or DCs.

Furthermore, the CCM again rewrote the rules of the game by recentralizing local road provision in 2017. The central government confiscated a key opposition electoral tactic by creating a central agency, TARURA, with sole power over road building. Opposition road projects have been cancelled in Mbeya, Iringa and Moshi. Where roads have been built, they have been redirected through incumbent areas. According to the Moshi mayor, there is now 'so much red tape. There has been no sign of movement and it's been months...Money has just disappeared from the system. We've had 7 roads eliminated from the plans we had...We are worried. TARURA stops us from being able to provide roads to our people and meet our goals.'<sup>47</sup> TARURA engineers are often simply the former local road engineers. When interviewed, they said the core difference and indeed the stated aim of moving their job into TARURA was to remove the influence of local politicians especially in opposition areas.<sup>48</sup> CCM politicians in opposition areas made clear the introduction of TARURA was done to help them. When asked if they could go around the council to get help directly from the central government, a CCM councilor in Iringa replied: 'We ask the central government to help us and the ministry can step in but there's not enough money for everything. However, the creation of TARURA has really helped us. The roads come to us now.'<sup>49</sup> Again, the CCM used their control of the rules of the game to restrict the role of opposition councils. This time, however, the restrictions were more extreme. Rather than relying on de facto ways of frustrating opposition autonomy, the incumbent CCM resorted to legalistic strategies to change the role of local governments. The changes to the rules of the game that the CCM imposed directly targeted those powers which opposition LGs had used to build their reputation in the previous

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<sup>45</sup> Interview with Chamwino councilor, 2017

<sup>46</sup> interview with Iringa DC councilor, 2017; interview with Dodoma MC councilor, 2017; interview with Same TC chair, 2016

<sup>47</sup> Interview with Moshi mayor, 2017

<sup>48</sup> Interview with TARURA engineer, 2017; Interview with TARURA engineer, 2017

<sup>49</sup>Interview with Iringa councilor, 2017

electoral cycle.

Finding ways to respond to these heightened restrictions became a matter of survival. With the recentralization of key local capacity, that had been central to opposition success, opposition parties find themselves on the back foot. Without concerted steps to bolster their position, opposition LGAs are struggling to do their jobs.<sup>50</sup> The Moshi deputy mayor described their situation as follows: ‘Without own source, we can’t do anything. Without own source, we can’t run the council at all’. Figures 5 shows how opposition councils rallied in response to the cuts at the start of the Magufuli presidency. While cuts in development transfers were felt across the board, only opposition LGAs show a concerted effort to increase local tax takings. As councilors in Arusha pointed out, finding own source revenues became ‘necessary for survival’, rather than good performance.<sup>51</sup> However, interviews done during the crackdown clearly show that opposition LGs still have options to resist. So long as autonomous domains remain, I contend that LGAs can reallocate priority to those domains over which they still have control and bolster capacity in these areas. Councilors describe frequent strategy meetings to come up with ways to use residual powers to replace lost revenues and combat the new, more hostile president.<sup>52</sup> In contrast, regime politicians instead appealed to their patrons in higher levels of government or to ministries.<sup>53</sup>

Opposition LGs redoubled their efforts on investing physical state capacity and additional public services. These capital projects are examples of conspicuous service delivery and have the potential to raise large amounts of revenues and credibility at little cost to the LGA.<sup>54</sup> Mbeya CC entered into an agreement with a private firm who agreed to build streetlights with surveillance cameras in return for a share of the advertising revenue from billboards affixed to the streetlights.<sup>55</sup> In Iringa, the council plans to build and charge for new, more modern markets and slaughterhouses.<sup>56</sup> The politicians interviewed made clear that, after the latest rollback in powers, these projects were pushed through and prioritized because they address local needs while also generating revenue and good publicity for the LGA.<sup>57</sup>

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<sup>50</sup>Interview with Arusha CC councilor, 2017; interview with Babati councilor, 2017

<sup>51</sup>Interview with Arusha CC councilor; interview with Arusha DC councilor, both 2017

<sup>52</sup>Interview with Moshi mayor, 2018; interview with Iringa mayor, 2017; interview with Hai councilor, 2017; interview with Mbeya councilor, 2017; interview with Arusha councilor, 2017

<sup>53</sup>Interview with councillors in Dodoma, 2017; interviews with bureaucrats in Iringa MC, 2017; interview with bureaucrat in Iringa DC, 2017; interview with CCM party official in Same, 2016

<sup>54</sup>Most of these projects are funded by private financiers who enter into agreements with LGAs to share revenues and transfer ownership of the property to the LGA after a number of years

<sup>55</sup>interview with Mbeya councilor, 2017

<sup>56</sup>Interview with Iringa mayor, 2017

<sup>57</sup>Interview with Moshi mayor, 2018; interview with Iringa mayor, 2017; interview with Arusha councilor, 2017; interview with Mbeya councilor, 2017

Opposition LGAs are also introducing new taxes with unprecedented frequency. Mbeya CC passed a bylaw to lower service levies from three to one per cent to increase compliance. Working with a professor from a US university, the council came up with a plan to increase takings from this service levy to supplement lost revenues from property taxes.<sup>58</sup> Moshi MC introduced taxes on weddings and other economic activities related to social functions like caterers and MCs.<sup>59</sup> By inducing politicians to incorporate more citizens into the tax base, these constraints increase the capacity of these LGAs vis-a-vis regime LGAs where collection remains more sporadic. Thus, opposition LGAs again invested in local capacity in response to these more extreme restrictions.

As the incumbent takes away one strategy, the opposition must focus on another. But these strategies are becoming more and more costly for opposition parties. They have to find ways to raise more money from low income populations without losing popularity, to motivate scared bureaucrats to work for them and make voters understand the challenges they face. Several politicians expressed concern about how Chadema's electoral prospects given how restricted they now were in delivering on their promises to voters.<sup>60</sup> For politicians in Iringa and Mbeya, this concern was particularly pressing because they had less of a record. The Iringa mayor had mixed feelings about their prospects: 'We will keep control only if the people know we are working...we try and create awareness with the citizens. We tell them that they are hindering us and we try and make them understand that'. This investment in local capacity is viewed by opposition politicians as a strategy for electoral survival. Importantly, they still have strategies they can use to resist because they retain local capacity despite the rollback in powers. Given their short time horizons - concern for run up to the 2020 elections and ability to keep control of LGs - the worry that this may strengthen the hand of the regime after 2020 did not seem to be a major factor in opposition LG decision-making.

Since opposition parties began gaining strength in the late 00s, the ruling CCM has attempted to curtail the autonomy of opposition local governments, first by trying defund, delay and distract from their achievements then by imposing ad hoc and increasingly punitive restrictions on their ability to govern. I argue that local capacity and the sophisticated strategies opposition parties created to exploit it made it possible for opposition parties to grow and survive despite a hostile incumbent. Strategic investments in local capacity allowed opposition parties to resist attempts to limit their autonomy and

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<sup>58</sup>Interview with Mbeya councilor, 2017

<sup>59</sup>Interview with Moshi mayor, 2018

<sup>60</sup>interview with Iringa councilor, 2017; interview with Mbeya councilor, 2017

undermine their credibility even after 2015.

By 2017, draconian funding cuts and recentralization of key local taxes had not managed to fell opposition local governments. Opposition parties were able to weather the restrictions imposed on them and keep running local governments. This posed a real danger for the ruling CCM. Even after they imposed restriction after restriction, the CCM were not able to hamstring the opposition enough to alienate their supporters. I argue that the CCM then chose to change how it manages local political competition by activating hitherto unused local coercive capacity.

The role of district and regional commissioners has increased since 2016 and especially since late 2017. These officials are appointed by the president to supervise local government and act on the president's behalf in emergencies. As such, the police are under the authority of the RCs and DCs. The central government retains control over this coercive capacity regardless of who is in charge. Before 2015, these RCs and DCs seldom intervened in local politics. When they first took over, Moshi MC had few problems from the DC or RC. However, since 2016, the incumbent CCM has been making use of RCs/DCs coercive powers with alarming frequency. Opposition politicians in newly opposition areas like Mbeya and Iringa face frequent arrest on the orders of RCs and DCs in their area. In these areas, almost all councilors interviewed had been arrested since being elected.

Interviews suggest several reasons why the CCM chooses to use violence to suppress opposition support. First, opposition politicians believe violence is being used to discourage participation in opposition parties and in local government and suppress opposition turnout at by-elections and later local elections. As Magufuli's presidency has gone on, the legal restrictions on opposition politics have become ever more restrictive. With laws changing from one week to the next, what the letter and spirit of the law is ambiguous. Opposition politicians interviewed were regularly arrested for trying to hold routine meetings. A politician in Moshi Rural, who claimed to have been arrested 10 times that year, claimed these arrests were a strategy to delay politicians and keep them from their voters: ‘We need to talk to people once or twice a month, getting the permissions to do that takes so long now that the number of meetings has fallen down. No one wants to come to meetings without permissions. For example, if we have to meet with people in an area, we have to get permissions from every level of the very low civil servants.<sup>61</sup> CCM leaders are able to meet with their people at the local level. No one will interfere with them and do not need permissions<sup>62</sup> Threats of arrest for stepping even one foot out of

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<sup>61</sup>Village Executive Officers, Ward Executive Officers

<sup>62</sup>Interview with Moshi DC councilor, 2017

line makes it harder for opposition politicians to do their job and to communicate their achievements to citizens. Of the councilors I talked to, no CCM politicians had been arrested or accused of any crimes related to their duties. Violence is now a major way the CCM tries to suppress opposition parties.

As one councilor explained, “a lot of people are now scared to go to meetings in case police come or they are put on a list.”<sup>63</sup> The chair of a rural council in Kilimanjaro region outlined what opposition supporters risk by participating in politics after 2017. “They harass ordinary Chadema voters after CCM cardholders<sup>64</sup> go and report them to the police. They may be arrested on a Friday evening and they are kept in over the weekend until Monday working day. You have no real charges but the administrative burden means you are stuck there. But you have already suffered and you will be scared from supporting opposition publicly.”<sup>65</sup> A councilor in another rural Kilimanjaro council explained the implications of this. The harassment and violence is about ‘scaring people into not voting for opposition parties, scaring people to not become politicians for opposition parties’. He further explained that this was particularly dangerous because opposition parties had become popular by embracing a participatory approach to local government. If politicians could not meet with voters, this part of the appeal of opposition falls away.

Furthermore, the ruling party is increasingly using violence to discredit opposition parties or stop them from claiming credit. In Arusha, the DC detained the mayor for three days to stop him from being able to attend a meeting he had organized with constituents. A major road accident had killed 30 schoolchildren in Arusha in May 2017. The mayor had organized a collection effort to raise money for the families. He was arrested under direction of the DC so that the RC could distribute the funds at a huge rally which the president attended.<sup>66</sup> Politicians in Arusha were confident that things would have played out differently in a regime area: ‘If the mayor was from CCM, he would be supreme. But instead, they activated the role of the commissioners and hid the mayor.’ In Hai, the chairwoman of the council was detained so she could not question the official version of events around the destruction of Chadema leader Freeman Mbwe’s farms in her district. The central government claimed his farms did not have the proper permits and that the council was in agreement that they must be confiscated. A Hai councilor explained the situation: ‘Any action like that would have to be passed by the Environment Committee in the council but the DC did it unilaterally. He then put her in jail so she couldn’t speak

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<sup>63</sup> Interview with Arusha councilor, 2017

<sup>64</sup> Members

<sup>65</sup> Interview with chair of Rombo District, 2018

<sup>66</sup> Interview with Arusha councilor, 2017

out to say she wasn't involved in the decision, because she said the DC had overstepped to citizens'.

The mayor of Iringa has been arrested repeatedly and for extended periods. His councilors were also subject to frequent arrest and violent repression, especially during the October 2017 by-election. The mayor was held for almost a week during the by-election campaign: 'In the by election, I was ambushed by CCM militia, so was the deputy mayor. They came with machetes and so I pulled my gun to get away from them. Later, the police came and arrested me for defending myself.' When asked why Iringa had become so violent, the mayor of Iringa argued that CCM were turning to repression to create chaos. 'CCM has few followers in Iringa municipal. They cause chaos because they don't have members or support so they can't get anything done here. Instead, they intimidate to try and make sure opposition supporters do no go out. People know here who is Chadema because it is a small place. Nowadays, they are individually targeted by authorities and community politicians from CCM'<sup>67</sup> Another councilor agreed with this assessment, saying CCM was trying to discredit them by making Iringa seem lawless.<sup>68</sup> Indeed, this is corroborated by how senior CCM politicians in Iringa talk about their successors in local government. The former Iringa mayor, when asked how Iringa under Chadema differed from Iringa under his leadership, responded: 'Firstly, they were chosen mostly by thugs. They are thugs. There is no plan, no scheme.'

The use of violence to discredit opposition parties and instill fear in opposition voters is not limited to Iringa. Over sixty five per cent of the opposition councilors I spoke to said they had been subject to violence at the hands of the state in the last year.<sup>69</sup> In the past three years, there have been two assassination attempts against Chadema MPs and at least three standing Chadema councilors have been murdered. Numerous Chadema activists have died either in police custody or at the hands of CCM youth militia. Many others have been badly beaten. Others have been abducted, some returned after being tortured while others have not been seen again.<sup>70</sup> This level of violence is unprecedented in Tanzania and intensifies only after other strategies fail to bring opposition parties to heel and as the 2020 general election grows ever closer.

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<sup>67</sup>Interview with Iringa mayor, 2017

<sup>68</sup>Interview with Iringa councilor, 2017

<sup>69</sup>Almost all of those who did not report violence were councilors in Kilimanjaro, the Chadema stronghold, where opposition control was largely tolerated until late 2018 after I had concluded my interviews. In Chapter 7, I compare Kilimanjaro to Iringa and account for why the CCM may have chosen not to repress in this area

<sup>70</sup>These figures are based on reports in the Tanzanian press, which is not free and fair and has strong biases towards covering national politics and local politics in the larger urban areas. These figures should be taken as conservative estimates of the levels of violence. I am working with a Tanzanian human rights organization to get access to data tracking violence against opposition figures at the local level so that I can make more concrete claims about the distribution of violence in the future.

In Chapter 3, I argued opposition control of local institutions blunts the extent to which the incumbent can leverage costs for opposition support. Opposition control takes quieter coercive strategies – strategic allocation of public resources, intimidation by community politicians – away from the incumbent. Once they lose control of local government, the incumbent can try and use defund, delay and distract strategies to weaken opposition efforts in local government. While administrative delay tactics and fiscal cuts may have been enough to frustrate opposition efforts to win support in the very early days of opposition, the effectiveness of these tactics has since waned. By activating the role of the RCs and DCs and resorting to violence, the incumbent makes it harder for opposition politicians to do their job and increases the costs of opposition support. The incumbent has turned to its continued monopoly on coercive capacity and control of the rules of the game to suppress opposition parties through violence and piecemeal recentralization. However, these strategies are reputationally costly – they alienate moderate voters and attract international scrutiny. It is my contention that the unprecedented attacks on decentralization and indeed the use of violence by local officials can be understood as an incumbent response to an opposition threat to their rule. This is a threat that they had previously been unable to contain because opposition parties came up with sophisticated strategies to leverage their local capacity to overcome incumbent restrictions.

## Conclusion

In this chapter, I argue that opposition control of local state capacity changes the way opposition parties and incumbents compete for and hold onto power. Upon winning control of local government, local capacity gives opposition parties tools they can use to resist incumbent attempts to undermine their performance and support.

By losing capacity to opposition parties, incumbents lose control of some of their most important strategies for discouraging opposition support, as discussed in Chapter 3. Given this, the incumbent seeks to undermine opposition support by first restricting to frustrate local autonomy before then escalating to violence. They use their control over budgets, staffing and the rules of the game to make it harder for opposition parties to deliver on their promises and claim credit for them. In turn, opposition parties respond by using local capacity to compensate for the restrictions imposed on them. This local capacity gives opposition parties the autonomy they need to pursue the policy they want, rather than that dictated by the incumbent, and so deliver on promises to their constituents. Because

local capacity is designed to be flexible enough to deal with emergent local problems, opposition parties can exploit the breadth and depth of local capacity to strategically respond to incumbent restrictions. They can refocus their energy on under-utilized local policy domains. They can invest in state capacity to strengthen their autonomy in a given domain. Efforts to weaken the autonomy of local governments can therefore in fact strengthen decentralized institutions. This is important for my broader argument because it shows that decentralization provide opposition parties scope to resist incumbent attempts to weaken them.

Opposition control of local capacity tilts the balance of power between opposition parties and incumbents. The evidence I present shows that the management of political competition is a strategic interaction rather than a one-sided, almost deterministic incumbent decision. Incumbents cannot unilaterally contain threats to their rule if their opponent can update their strategy and outmanoeuvre them. This makes it easier for opposition parties to establish themselves and importantly survive from one electoral cycle to the next without being co-opted. However, by making it harder to contain threats from opposition parties, opposition control of local capacity may induce incumbents to turn to more punitive and repressive strategies as this strategic interaction plays out. Incumbents retain control of coercive capacity and control of the rules of the game. Losing control of some local infrastructural capacity to opposition parties restricts the strategies available to them. As opposition strategies get more sophisticated, the incumbent's strategies which draw on their remaining infrastructural capacity may become less effective. This increases the chances that incumbents seeking to retain control will activate their coercive powers or seek to recentralize powers.

I provide evidence for this argument by tracing the strategic interaction between opposition LGs and the ruling CCM in Tanzania. By tracing shifts in local policy and strategy over time, I show that local capacity have been used and invested by opposition LGs to protect their ability to deliver services and entrench their autonomy against regime efforts to frustrate them. I present evidence from around 100 interviews with bureaucrats and politicians to show that opposition LGs strategically invested in fiscal, administrative and fixed capacity where regime LGs did not. I show that opposition politicians used a logic of resistance and survival to account for why they chose to make costly investments in local capacity where regime politicians did not. I use a novel dataset of local government taxes and transfers to show that, across Tanzania, opposition local governments raise significantly more local taxes and receive significantly lower transfers. In my most stringent test, I show that opposition control leads

to a 13% increase in local revenues. My results are robust to inclusion of fixed effects, samples of close elections and controls for economic and demographic profile of LGAs. As opposition parties have grown in popularity, the strategic interaction between opposition parties and the CCM has become more concerted. The CCM has increasingly turned to recentralization and violence to frustrate opposition politicians. However, interviews done during the current crackdown show that opposition parties still have strategies available to them to try and maintain control. Opposition politicians describe investing in local capacity once again to try and compensate for the new restrictions they face.

The theory advanced in this chapter makes several important contributions. First, it nuances how we understand the motives and strategies of opposition parties in non-democracies. It also makes clear that opposition parties, often targeted by backsliding/autocratization reforms, can resist these attacks and stake claim of their space in non-democratic systems. This chapter also contributes to the literature on state capacity formation. Threats to opposition local autonomy can provide a rare impetus to invest in local state capacity in decentralized countries. The patterns of strategic investment in state capacity I find indicate that competition, even when highly localised, can improve local state capacity and governance. Furthermore, my findings here support my broader argument that decentralization may weaken incumbent autocrats when opposition parties can exploit local capacity to build a foothold on power. Counter-intuitively, efforts to recentralize authority under the incumbent can strengthen both decentralization and contestation.

## Appendix



**Figure 5:** Government structure in Tanzania. Positions in green boxes are appointed by the president or his appointees, positions in red boxes are elected

Taxes	Fees	Rents	Licenses
Property tax	Market fees	Land rents	Business licenses
Produce cess	Street vending fees	Property rents	Taxi licenses
Livestock tax	Billboard fees		Foreign liquor license
Bicycle tax	Slaughter fees		Local liquor license
Guest house levy	Refuse collection charge		Fisheries license
Tourism levy	Parking charge		Hunting license
Bar levy	Burial charge		Forestry license
Industrial cess	Weights and measure fees		
	Fire service fees		

**Table 5:** Common local taxes in Tanzanian LGAs

**Table 6:** Pooled Regression excluding early opposition councils

	<i>Dependent variable:</i>				
	Log(Development Transfers)				
	(1)	(2)	(3)	(4)	(5)
Opposition Handover in 2015	-0.308** (0.133)	-0.322*** (0.122)	-0.436*** (0.115)	-0.417*** (0.115)	-0.045 (0.124)
Log(Population)		0.313*** (0.049)	0.324*** (0.055)	0.324*** (0.058)	0.344*** (0.060)
Type: Rural			-0.232** (0.108)	-0.271 (0.173)	-0.130 (0.168)
Type: Municipal			0.205 (0.145)	0.196 (0.151)	0.331** (0.163)
Type: Town			0.284* (0.168)	0.282 (0.188)	0.458** (0.200)
Prop. Land Ownership				-0.002 (0.003)	-0.001 (0.003)
Prop. Iron Sheets				-0.001 (0.001)	-0.002 (0.001)
Prop. Employed				0.005 (0.007)	0.007 (0.006)
Constant	21.363*** (0.037)	17.484*** (0.611)	17.524*** (0.696)	17.406*** (0.745)	17.316*** (0.772)
Year Dummies?	No	No	No	No	Yes
N	425	425	425	425	425

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
All models use robust standard errors

**Table 7:** Pooled Regression on close elections

	<i>Dependent variable:</i>				
	Log(Development Transfers)				
	(1)	(2)	(3)	(4)	(5)
Opposition Handover in 2015	-0.330 (0.278)	-0.337 (0.279)	-0.376* (0.214)	-0.382* (0.228)	-0.070 (0.245)
Log(Population)		0.182 (0.134)	0.361*** (0.064)	0.445*** (0.126)	0.419*** (0.102)
Type: Rural			-0.064 (0.096)	0.475 (0.367)	0.335 (0.397)
Type: Municipal			0.576*** (0.061)	0.919*** (0.294)	0.803** (0.331)
Type: Town			0.541*** (0.160)	1.006*** (0.337)	0.873** (0.339)
Prop. Land Ownership				-0.015*** (0.005)	-0.012** (0.006)
Prop. Iron Sheets				-0.0002 (0.005)	-0.001 (0.004)
Prop. Employed				0.007 (0.014)	0.013 (0.015)
Constant	21.349*** (0.088)	19.149*** (1.649)	16.884*** (0.786)	16.055*** (1.312)	16.291*** (0.976)
Year Dummies?	No	No	No	No	Yes
N	63	63	63	63	63

*Notes:*All models use robust standard errors. A close election is one where CCM margin is +/- 5 councillors

**Table 8:** Fixed effects regression

<i>Dependent variable:</i>			
	Log(Development Transfers)		
	(1)	(2)	(3)
Opposition Control	-0.323** (0.157)	0.052 (0.103)	0.152 (0.159)
Year FEs?	No	Yes	Yes
LGA FEs?	Yes	No	Yes
N	455	455	455

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

All models use robust standard errors

**Table 9:** Pooled regression

	<i>Dependent variable:</i>				
	Log(Own Source Revenues)				
	(1)	(2)	(3)	(4)	(5)
Opposition Control	0.664*** (0.179)	0.617*** (0.176)	0.305** (0.149)	0.273* (0.150)	0.081 (0.121)
Log(Population)		0.648*** (0.141)	0.650*** (0.105)	0.577*** (0.091)	0.573*** (0.089)
Type: Rural			-1.485*** (0.095)	-0.949*** (0.233)	-0.957*** (0.231)
Type: Municipal			-0.720*** (0.195)	-0.662*** (0.184)	-0.678*** (0.178)
Type: Town			-0.676*** (0.182)	-0.453** (0.209)	-0.492** (0.206)
Prop. Land Ownership				-0.016*** (0.004)	-0.016*** (0.004)
Prop. Iron Sheets				0.001 (0.002)	0.002 (0.002)
Prop. Employed				0.013* (0.008)	0.012 (0.008)
Constant	20.947*** (0.058)	12.925*** (1.725)	14.236*** (1.346)	14.961*** (1.166)	14.510*** (1.135)
Year Dummies?	No	No	No	No	Yes
N	769	769	769	769	769

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
All models use robust standard errors

**Table 10:** Pooled regression excluding early opposition councils

	<i>Dependent variable:</i>				
	Log(Own Source Revenues)				
	(1)	(2)	(3)	(4)	(5)
Opposition Handover in 2015	1.125*** (0.198)	1.101*** (0.135)	0.809*** (0.102)	0.792*** (0.101)	0.442*** (0.118)
Log(Population)		0.680*** (0.132)	0.673*** (0.092)	0.588*** (0.075)	0.583*** (0.077)
Type: Rural			-1.292*** (0.080)	-0.735*** (0.218)	-0.795*** (0.220)
Type: Municipal			-0.518*** (0.195)	-0.420** (0.165)	-0.476*** (0.167)
Type: Town			-0.510*** (0.168)	-0.286 (0.191)	-0.358* (0.189)
Prop. Land Ownership				-0.016*** (0.004)	-0.016*** (0.004)
Prop. Iron Sheets				0.001 (0.002)	0.001 (0.002)
Prop. Employed				0.012 (0.008)	0.011 (0.008)
Constant	20.942*** (0.058)	12.524*** (1.619)	13.771*** (1.184)	14.694*** (0.949)	14.315*** (0.970)
Year Dummies?	No	No	No	No	Yes
N	719	719	719	719	719

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01  
All models use robust standard errors

**Table 11:** Pooled regression on sample of close elections

	<i>Dependent variable:</i>				
	Log(Own Source Revenues)				
	(1)	(2)	(3)	(4)	(5)
Opposition Handover in 2015	0.768*** (0.210)	0.770*** (0.169)	0.643*** (0.137)	0.718*** (0.136)	0.273 (0.206)
Log(Population)		0.590*** (0.116)	0.593*** (0.121)	0.555*** (0.196)	0.574*** (0.199)
Type: Rural			-1.142*** (0.114)	-1.665** (0.714)	-1.580* (0.806)
Type: Municipal			-1.349*** (0.404)	-1.793*** (0.652)	-1.720** (0.694)
Type: Town			-0.607*** (0.110)	-1.015 (0.672)	-0.939 (0.745)
Prop. Land Ownership				-0.004 (0.011)	-0.005 (0.013)
Prop. Iron Sheets				-0.001 (0.004)	-0.001 (0.004)
Prop. Employed				0.032* (0.018)	0.025 (0.020)
Constant	20.902*** (0.128)	13.726*** (1.381)	14.752*** (1.507)	14.024*** (1.712)	13.522*** (1.756)
Year Dummies?	No	No	No	No	Yes
N	108	108	108	108	108

*Notes:*All models use robust standard errors. A close election is one where CCM margin is +/- 5 councillors