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The Political Economy of Agriculture in Africa

INTRODUCTION

The central place that agriculture occupies in African economies cannot be overemphasized; it can be illustrated briefly by reference to a few statistics. In most African countries, over 70 per cent of the population are still rural dwellers who, in most cases, survive on their agricultural smallholdings. Agriculture, therefore, accounts for the highest employment of labour and generates the bulk of food consumed domestically. Economic growth in most African countries over the last twenty years has been heavily influenced by the fortunes of the agricultural sector. From agriculture come the major export crops on which a large number of mineral poor African countries depend for foreign exchange. Agriculture, therefore, has been the backbone of economic development in these countries.

Yet it is because agriculture has performed so poorly in terms of growth and the generation of wealth during the past two decades that its predicament has been of great concern of late to both scholars and policy makers. When the African heads of state and government gathered in Monrovia in 1979 to review the balance sheet of development in Africa and establish the policy framework for the future, this is what they said about African agriculture:

> In the course of the last two decades, at a time when the African continent was confronted with a rapid population growth as well as urbanization, the food and agricultural situation in Africa deteriorated very radically: the production and consumption of food per capita fell well below nutritional requirements[1]

Thus Africa is the only continent which has experienced a decline in food production per caput during the last two decades. Self-sufficient in food production at independence, Africa is today a net food importer. This agrarian crisis has been brutally brought to world attention by recent horror films of famine victims[2] and newspaper reports telling tales of woe as emaciated peasants and pastoralists fall to the mercy of flies in the arid countryside.

From 1952–62, except for Africa which only achieved a growth rate of 2.2 per cent, all the other regions of the underdeveloped world achieved growth rates in total food production of above 3 per cent. But rapid population growth in the underdeveloped countries reduced food production per caput to levels below those of the developed countries. During the next decade, 1962–72, there was a

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general slowing down in the growth of production. In the developing countries growth of production per caput was insignificant, not only compared to those of the developed countries, but also compared to their own previous performances because of general declines in total production with high population growth rates. From 1972–82, the trends initiated during the previous decade were simply accentuated. Overall, the growth in total food production was even stronger in the underdeveloped market economy countries than in the developed ones. But as the demand for food had continued to rise in the former, the situation remained generally stagnant in comparison to the previous decade. Only Africa, which during the second decade had been able to achieve growth rates roughly equal to those of other underdeveloped market economy regions, experienced a sharp decline, its food production per caput growth rate falling to 1 per cent. In the underdeveloped world as a whole, the socialist countries of Asia continued to register the best performances in food product per caput[3]. The questions worth asking are:

- Why has agriculture been doing so poorly in African economies?
- Why is there such a tremendous decline in food production?
- Are the answers to the above questions to be found in the poor ecological conditions, bad farming practices, inappropriate public policies or a hostile international environment?
- What steps have African governments taken to correct this terrible situation?

THE NATURE OF AFRICAN AGRICULTURE

It would be impossible to attempt an answer to any of the above questions before painting, even in skeleton form, a picture of African agriculture: its history, structure, internal dynamics and purpose. In painting this picture we shall, of necessity, rely very much on a summary of the history of the continent which is so vast and complicated that we may risk missing certain essential details for the sake of brevity.

Even today, Africa is still very much a product of its precolonial and colonial history. It is only a quarter of a century since the colonialists scrambled out of Africa *politically* as a result of mounting nationalist pressures and a changed global environment. Colonialism had succeeded to disrupt significantly precapitalist African social formations and implant modes of production in keeping with the needs of imperialism. But colonialism had also left intact the more resistant and resilient precolonial relations of production, only 'bending them a little' for purposes of exploitation. Twenty-five years of independence has not changed the situation significantly, or, if it has, this colonial heritage has been one of the major stumbling blocks in creating viable economies.

Almost all African countries were colonized for some specific economic purpose, thus their economies evolved by 'specializing' in certain forms of economic activity. Kenya, for example, was to specialize in coffee and tea production, whereas neighbouring Tanganyika was to specialize as a sisal producer within the British Empire. Cote d'Ivoire was likewise marked for cocoa and coffee production whereas Upper Volta (now Burkina Faso) supplied it with labour and Vietnam produced rice in the French Empire. Northern Rhodesia (now Zambia) was to be a mineral exporter (copper) while Nyazaland (Malawi) was a labour reservoir for the southern African plantation economies. Where agricultural production was important, the colonizer decided – depending on the socio-political circumstances of those days – whether such agriculture would be based on peasant production for export crops (as in Gold Coast, now Ghana) or plantation agriculture for the same, as was the Kenyan and Southern Rhodesian case (white settler plantation colonies) or a mixture of both, as was the case of Cote d'Ivoire. Even within particular colonies, this specialization was carried to the regional and ethnic levels. Certain regions, and hence ethnic groups, were marked out as being 'suitable' for certain types of economic activities. Thus in Uganda, for example, the north of the country – a typical savannah grassland – was not viewed by British colonialism as the heartland of commodity production for export; hence the people were identified as being more useful in serving colonialism in other capacities, for example, as soldiers and policemen. The southern region, being much more fertile, produced both coffee and tea, the two major export crops, from peasant smallholdings owned by feudal landowners in general. This area was dominated by the Baganda whereas the Nilotic ethnic groups came from the north. The development of commodity production thus took a distinctly ethnic line, with dire consequences to Uganda's post colonial history.[4]

The long–term effect of these 'specialization' colonial projects on African agriculture have now been sufficiently documented in the literature on African political economy.[5] In the introduction to the book already cited[6] Thandika Mkandawire argues that this 'specialization' led to the evolution of colonial economies either as 'merchant' or 'rentier' states in postcolonial times. If a postcolonial state—like Ghana, Burkina Faso, Morocco, Malawi, Mali, Mauritius, Tanzania, Swaziland, Kenya and Egypt—depends for its revenue on surpluses extracted from agriculture through various taxes or levies, it shall be typologized as a *merchant state*. But if, as in the case of Algeria, Nigeria, Zambia and Zaire the state depends on renting its mining facilities for purposes of generating revenue, it falls into the category of a *rentier state*. In both cases, the state will have a specific relationship with and policy orientation towards agriculture. Such relationships, as is quite clearly demonstrated in the case of Ghana[7], find their roots and structures in the colonial setting. This colonial heritage, while not completely limiting the choices which political leaders have after independence regarding public policies, nonetheless provides the parameters for policy manoeuvres and quite often significantly influences the policy outcomes in terms of structural changes and developmental (industrialization) possibilities.

INDEPENDENCE AND THE CONCERN FOR DEVELOPMENT

There is no single African country which, at the time of independence, was not committed, in one way or another, to *development*. Development was interpreted to mean rapid economic growth, with the state having access to such revenues that would allow it to finance public expenditures on such projects as infrastructural development, state farms, hydroelectric plants and so on. Yet these 'choices' were not made haphazardly; it all depended on the class character of those in power and their ideological orientations. A few chose to be 'socialist', that is to use state power to control revenue first and foremost for *social welfare* needs. This is what Mkandawire calls 'nationalist-populist' strategies of development, for example, Algeria, Zambia, Tanzania (1965–87), Mali (1960–68), Ghana (1961–66), Egypt (1951–70) and Uganda (1966–71). Others were 'free-marketeers' or capitalist, and this includes Nigeria, Zimbabwe, Malawi, Mauritius, Morocco, Swaziland, Egypt (1970–), Nigeria (1960–72), Ghana (1986–), Burkina Faso, Mali (1969–) and Kenya.[8] Apart from being the outcome of the class basis of the new ruling class, these orientations were also functions of the perceptions of how much revenues the state commanded and hence the extent to which the regime could espouse a nationalist ideology and afford to finance the economic programmes derived from such an ideology from the coffers of the state.[9] To illustrate the above points, two examples will suffice.

Cote d'Ivoire

Cote d'Ivoire was founded as a French colony at the turn of the last century. Before World War I, the major cash crops were bananas, cocoa and coffee; theses were grown by white settlers, and not very efficiently. World War II brought the French colonial office to realize the necessity of boosting their colonial economies; in the case of the Cote d'Ivoire, this meant relying more on the more efficient African peasant producers both for food and export crops. Food, to supply the colonies and the armies; export crops to generate the needed foreign exchange for overseas administration and development. The major weapon that white settlers had used against the emergence of the African plantation farmer was to deny him labour and even turn him into a labourer for either the state or the white settler. In the postwar period, *travail force* was abolished and the African planter, using his nationalist politics as well as his entrepreneurship, emerged as a major pillar in the development of agriculture in Cote d'Ivoire.

I have elsewhere shown how coffee and cocoa production in the Cote d'Ivoire, from the postwar period to the mid-1970s, was nurtured by and itself supported the growth of an indigenous planter bourgeoisie as the latter secured labour from the north for its farms and thus displaced the French *colons* from agrarian production. I have also striven to show how the so-called 'Ivorian miracle' has been achieved as a result of the close symbiosis between the state needs and the needs of this bourgeoisie at the helm of the state.[10] In structuring commodity production for the world market through credit schemes, labour recruitment, technical services and price subsidies and controls, the state has exploited as well as protected agriculture because this is where the basic interest of the ruling class is to be found. Thus Cote d'Ivoire has been able to increase and diversify its export agriculture while also improving internal food production, thus disproving the populist notion that 'cash crop' production of necessity hurts 'food crop' production.

Nonetheless, both the state and the ruling class have not been immune, to the vagaries of world export prices which are entirely out of their control. Given that the notion of 'development' held by the ruling class is that of merging foreign investments with state equity, and hence financing ambitious public investments (roads, government buildings, parastatal farms, and so on) even if this has meant state borrowing from external sources rather heavily, the drop in coffee and cocoa export prices in the late 1970s and 1980s has compelled the state to cut down drastically on its public expenditure. On some of these public expenditures depended the alliance between the ruling class and other classes, especially the smallholding peasants from whom the state obtained so much in terms of exported commodities.[11] But the pattern of public expenditure cut-backs in Cote d'Ivoire continues to show the 'sacredness' of agriculture to the state: while other sectors have suffered over the last couple of years, Ivorian agriculture has remained relatively healthy.

Zambia

Rich in copper, cobalt, lead and zinc, Zambia's reliance on mineral exports to provide the major revenues for the state date back to colonial times when she was still known as Northern Rhodesia. The policies of the colonial government regarding agriculture revolved around strengthening Northern Rhodesia as a labour reservoir for both its mining economy as well as the plantation colonies further south. Within Northern Rhodesia, except for a very few commercial settler farmers, agriculture was left entirely in peasant hands, that is, subsistence farming. With independence, and the high copper prices of the 1960s, Kenneth Kaunda's nationalist government thought that they could rely on the mineral export revenues to finance state-assisted development projects, including state farms, co-operatives, 'progressive farmers' schemes, 'integrated rural development', large-scale capitalist farms and even 'kibbutz'-type arrangements – all were tried. None of these led to any substantial restructuring of agricultural production or increases in production in general. Some of the initiatives were even abandoned in mid-course with the clear comfort for policy makers that the sunken costs could easily be absorbed by a state awash with surpluses from copper. It is also important to note that underlying much of the policies towards agriculture was a rather 'welfarist' and not 'productionist' perspective. The state did not seek to transfer some of the copper wealth to the rural sector and was therefore less concerned with the production implications of its financial allocations to agriculture.[12]

The problems of the agricultural sector thus began to escalate in the late 1970s as the impact of the world recession upon the Zambian economy intensified. The country had made little progress towards diversifying its economy away from mining so that when the price of copper halved in seven months in 1974–75, and continued to fall for a further eight years, there were serious repercussions throughout the economy. From 1976–80, there was a progressive decline in marketed maize, and the government was compelled to import in order to feed its population; almost half the nation's food needs was imported. These imports required increased subsidies to maintain the low urban food prices which were approximately half the economic cost (even before importation costs were considered). As a result, in 1980 the country found itself spending 19 per cent of the government revenue on agricultural subsidies, and 10 per cent of its foreign exchange on food imports.[13]

In spite of attempts by the government to enunciate policies that will address the problem of *low* domestic food production and agricultural productivity, positive results have been minimal. First, the class-base of the regime, that is middle, trade unions and the comprador bourgeoisie, militates against policies which will, for example, tax urban dwellers (by paying higher food prices on staples such as maize) so as to boost agricultural production by providing price incentives to farmers. Moreover, in order to inject needed factor inputs into agriculture, for example, fertilizers, the state needs to tax 'somebody' to pay for this, especially in a setting like Zambia where, by nationalization and the entrenched bureaucracies, the state has more-or-less, for the moment at least, precluded private sector initiatives in this area.

HIGH AND LOW PRICE EFFECTS

Effect of high commodity prices

Supposing for example, that Zambia suddenly had the bonanza of high export commodity prices as was the case in the 1960s: would it follow policies much more orientated towards food self-sufficiency and increased agricultural productivity? Another rentier state, Nigeria, which fell into the fortunes of the oil bonanza in the 1970s when Zambia's fortunes had plummeted, behaved no differently than Zambia had done earlier. Nigeria, previously self-sufficient in food production, became a net food importer, no doubt because the bureaucratic and comprador bourgeoisies found state policies which neglected domestic food production and encouraged food imports in their interests. Having encouraged little indigenous food production, and leaving this entirely to the subsistence peasantry, state attempts at the so-called Green Revolution, ran into the trap of the foreign import syndrome in which the bureaucratic bourgeoisie 'creamed off' revenues. As Okello Oculi notes:

> Agriculture is thus capital-intensive and import-intensive. There is no linkage between this technology and the Nigerian peasant or the local industrial sector. Nigerian agriculture is therefore becoming increasingly dependent upon foreign farms. Furthermore, the cost of such technology is high, and should production fail to meet the food requirements of the constantly expanding urban population, Nigeria will be trapped in a large foreign debt. Compounding this problem is the political-administrative class and their allies, who expropriate money from agricultural banks, from the food-import trade, from irrigation schemes, and elsewhere, and transfer the money away from farming and indigenous industrial innovation into personal consumption (that is, construction of houses for rent or personal use, or purchase of shares in manufacturing industries).[14]

It is perhaps fair to conclude that, for the rentier states, with a structurally built bias to neglect agriculture either in terms of realistic public policies or strong class interests from within the state to improve indigenous production, high export commodity prices rarely lead to sustained agricultural productivity and self sufficiency in food production. This argument is even sustained in the case of Algeria where, as Bourenane and Bedrani[15] point out:

> the country's agricultural system has to all intents been in a state of stagnation, which necessarily means a very serious worsening of the country's dependence on foreign food supplies.

Although high commodity prices will, in 'merchant states', lead to greater importance of agriculture and may most likely herald more 'nationalist/étatist/populist' policies, the overall effect on agriculture will largely depend on the class character of the ruling class. The cases of Uganda and Ghana are here instructive. In the case of Uganda, the first Obote regime was based on a nationalist alliance of the petty bourgeoisie, workers and peasants outside the plantation agricultural region, hence state revenues from coffee/tea exports were seen mainly in terms of meeting social welfare and infrastructural needs favouring 'the nation as a whole.' Control of this revenue also led to intense struggles for state control, with the Baganda planter bourgeoisie seeing 'its rights' usurped by the above alliance. The intense competition ended up in a *coup d'état* which simply eliminated all petty bourgeois and bourgeois claims to the reins of state power.[16] Similarly, Nkrumah's policies of financing large state enterprises, which he thought could provide the basis of industrialization in Ghana using cocoa export revenues, upset those who laid claim to these revenues and thought they could be used otherwise. This led to intense competition to capture power from Nkrumah, particularly by the disillusioned middle class and comprador bourgeoisie. In both Uganda and Ghana, the coups did not bring any improvement in agriculture; if anything, state pillage of agricultural revenues increased, much to the detriment of food production as well as agricultural productivity.

Effect of low commodity prices

Wherever any form of economic nationalism has been attempted as an outcome of high commodity prices, when prices fall, such states tend to revert to conservative policies, quite often oscillating between full acceptance of World Bank/IMF Structural Adjustment Programmes implemented by the paternalistic state, and open-door acceptance of private enterprise, including the direct involvement of foreign capital in agriculture.[17] But sudden falls in export commodity prices, making it difficult for the state to meet its public commitments, have also precipitated *coups d'état* (Nigeria), or led to increased repression (Zaire) and hence the elimination of any 'voices' that can urge the state to take appropriate public policy actions to deal with the agricultural and food situation. Attempts to revive agriculture under conditions where the state is already weakened by scarce revenues from the export sector are characterized by sporadic, unfocused, vacillating and contradictory public policies.

Only in Malawi would one say that a repressive and paternalistic state, operating with the aim of strengthening a rural agricultural bourgeoisie and merchant capital, and bent on forcing the peasantry to sell commodities at state-controlled prices while supporting its own subsistence, has managed to ensure steady revenues from agricultural exports and a stable internal food supply under almost all conditions. But, as Guy Mhone notes, Banda's basic economic strategy has been based on *suppressing consumption* and *redistributing surpluses* in favour of investment in order to guarantee a high growth rate.[18] The overall effect is that consumption, especially among the peasantry and the workers, is pretty low and it has to stay this way because society is regimented to accept and applaud it.

FOOD AND DEVELOPMENT

The fact that Africa needs food aid in order to survive is much more telling of Africa's development than the fact that Africa has become a net importer of food. The latter becomes even more significant when, in looking at the structure of African economies, agriculture still takes the largest share of the GDP and agricultural population the bulk of the national population. All this means that Africa is still preindustrial and, as much, should be more reliant on its agriculture than she has been over the last two decades.

Thus, the current agricultural and food crisis in Africa, seen in terms of persistent food deficits, increasing food import and declining food production are but part and parcel of much wider problems—the failures of development projects since independence. If failure is too strong a term, then we may quite rightly speak of the inappropriate development models since independence. But is there an appropriate model? Any attempt at an appropriate model would begin with the basic assumption that Africa is going through a period in its history from a concrete and given past and in a concrete and given historical context.

We have said enough about the past in the foregoing sections, now a word or two about the current context is necessary. It is difficult to deny that every economy in the world today strives to be self sufficient in food, either in terms of production or ability to import and offsetting the food-import bill from other export receipts. A fully industrialized economy would not, except for strategic reasons, be afraid of food imports. An appropriate model for Africa would operate under the aegis of this model and realize that, given the current world context, there will be forces impeding this within both the domestic and international environments. The product of such a model of industrialization would therefore assume a high degree of support for agriculture from within the 'home market', the external market would be secondary to the development of this self reliance. The critical variable in initiating this type of industrialization is, not surprisingly, the state; and the state, as it is constituted today may easily be the major stumbling block.

Both the World Bank and the IMF have recently stepped in to prescribe policy options that would make the agricultural sector in Africa perform much better. In essence, both financial institutions are concerned with the fact that the poor performance of African economies makes them poor and unreliable recipient of loans, and hence not very good clients to do business with. If agriculture is to perform better, then state policies must be appropriately tailored for this performance. To date, both bodies argue, price policies, structure of exports, exchange rates and public expenditure patterns have all been ill-conceived and have led to economic distortions; these have all to be adjusted if these economies are to perform better.

The concept of Structural Adjustment pertains in general to steps taken to bring domestic economic institutions and policies more into line with world prices, trade patterns and investment opportunities. The World Bank has a specific loan programme called Structural Adjustment Lending (SAL) and the IMF engages in short-term stand-by lending and medium-term Extended Fund Facility lending which have many of the same objectives of reform. In both cases, as indeed in the case of other types of SAL, the lending agency normally specifies 'conditions' which are to be met as integral parts of the loan agreement.[19]

While these conditionalities are now well known, and while attempts to implement them have met with both disasters (Zambia and Senegal in particular) and cautionary successes (Kenya and Tanzania), their implications for long-term industrialization prospects and sustainable self-sufficiency in food production are not very well known. It is true, of course, that, by the very nature of some of Africa's soils, and the lack of means for massive capital investment now, short-term projects to alleviate the current crisis are more important for immediate survival. While that is not contested, measures that reduce policy makers to be perpetually dependent on such short-term measures will, in the long run, be detrimental to any attempt to imagine and 'think out' longer term developmental perspectives. This is why it is rather unfortunate that the African countries gave up rather too easily on their bold statements in *The Lagos Plan of Action* (1980) so as to embrace the much more applauded *African Priority Programme for Economic Recovery* at the Special Session of the United Nations General Assembly in 1986.

THE FUTURE OF AFRICAN AGRICULTURE

Any attempt to improve food production and agricultural productivity in Africa will have to address the following issues:

- the peasant question;
- the relationship between agriculture and industry;
- the role of the state in the economy.

In the past, these issues have been dealt with under the vague notion of 'rural development'. At other times, they have been looked at in terms of small-scale versus large-scale farming, or commercial versus subsistence agriculture. Where industry is concerned, people are much more concerned about looking into the prospect of agriculture supplying raw materials for industry rather than *both* agriculture and industry supporting each other. The role of the state is also not simply one of involvement or non-involvement: from the Meiji Japan to Stalin's Russia through to the USA under Ronald Reagan, the state has been involved in both agriculture and industry. The difference, of course, is the *nature* and *extent* of involvement; there has never been, as such, any economy perfectly controlled by market forces.

A look at the peasant question will therefore address one fundamental problem: can the peasantry, given its current differentiation, support a growing economy in terms of its demands for both industrial and agricultural production? What changes are necessary, (including abolishing the peasant mode of production) for laying down a solid basis for industrialization in agriculture? The old notion of supplying peasants with tractors and fertilizers is here not enough, nor would the sheer establishment of large-scale farms, where there is no *social basis* for this, suffice. But a policy that begins to tax land, and forces those squatting on unproductive pieces of the earth to sell to those with capital to develop the land would, though harsh in the immediate, be more productive in the end. Questions of equity are, of course, important; but the case of Tanzania shows, when romanticized, they may also open a Pandora's Box of underdevelopment.

It follows, therefore, that the relationship between agriculture and industry must be worked out along a model of accumulation that leads to directing agricultural surpluses towards industrial accumulation with the *quid pro quo* that industry will supply agriculture with inputs that the latter can afford. The class relations that this presupposes are more than apparent: an industrial bourgeoisie, with vested interests in the growth of domestic agriculture and the political hegemony to superintend this model of accumulation. So far, except in South Africa, such bourgeoisie would be hard to come by elsewhere in Africa.

It is the dominant class or an alliance of such classes that will determine the role of the state in the economy. The state will intervene, as it were, only in such ways as will promote this model of accumulation. Similarly, the state has been intervening in African economies to promote models of accumulation which do not necessarily promote agricultural productivity, let alone food self-sufficiency. The issue, as it were, is primarily a political one and only secondarily economic.

NOTES

[1]The organization of African Unity, 1980, *The Lagos Plan of Action for African Economic Development 1980–2000*, OAU, Addis Ababa.

[2]Thandika Mkandawire, 1987, 'The State and Agriculture in Africa: Introductory Remarks', in Mkandawire and Bourenane (eds.) *The State and Agriculture in Africa,* CODESRIA Book Series, Dakar.

[3]See Mohamed Lamine Gakou, 1987, *The Crisis in African Agriculture*, Zed Books, London pp. 3–5.

[4]See, for example, Mahmood Mamdani, 1976, *Politics and Class Formation in Uganda*, Monthly Review Press, New York.

[5]For a recent summary see Bade Onimode, 1988, *A Political Economy of the African Crisis*, Zed Books, London.

[6]See Note 2.

[7]See Emmanuel Hansen, 'National food Policies and Organizations in Ghana' in Mkandawire and Bourenane, *ibid.*, pp. 26–58.

[8]*Ibid.*, p. 4.

[9]For a much more elaborate enunciation of this theory, see Thandika Mkandawire, 1985, 'State Policy Responses to Economic Crisis in Africa', *Eastern Africa Social Science Research Review*, Vol. 1, No. 2, June, pp. 31–51.

[10]See Anyang' Nyong'O, 'The Development of Agrarian Capitalist Classes in the Ivory Coast, 1945–1974', 1987, in Paul M. Lubeck (ed.), *The African bourgeoisie: Capitalist Development in Nigeria, Kenya and the Ivory Coast,* Lynne Rienner Boulder, Colorado pp. 185–248.

[11]For further discussion, see Bonnie Campbell, 'The State and Capitalist Development in the Ivory Coast,' in Lubeck, *ibid.*, pp. 281–303.

[12]Mkandawire, *op.cit.*, p.16.

[13]Adrian P. Wood and E.C.E. Shula, 'The State and Agriculture in Zambia; A Review of the

Evolution and Consequences of Food and Agricultural Policies in a Mining Economy', in Mkandawire and Bourenane, *op. cit.*, pp. 272–316.

[14]Okello Oculi, 'Green Capitalism in Nigeria', in Lubeck, *The African Bourgeoisie*, pp. 182.

[15]Bourenane and Bedrani, 'State Policies, Agricultural Development and Food Production: the Algerian Experience,' in Mkandawire and Bourenane (eds.),*op. cit.*, V. 339.

[16]See, for example, M. Mamdani, 1983. *Imperialism and Fascism in Uganda*, Heinemann, Nairobi and London.

[17]See, for example, Mkandawire (1985). This oscillation is typical of both Zambia and Tanzania. Zaire, for rather different reasons, seems also to have joined the bandwagon.

[18]Guy Mhone, 'Agricultural and Food Policy in Malawi,' in Mkandawire and Bourenane, *op. cit.*, p. 62.

[19]See Walter E. Hecox, (forthcoming), 'Structural Adjustment, Donor Conditionality and Industrialization in Kenya', in G. Ikiara and P. Coughlin, *Strategies for Industrialization in East Africa.*

DISCUSSION OPENING – PETER HOPCRAFT

I shall discuss what the excellent paper by Peter Anyang Nyong'O did not include and what I would have liked it to include. In this way, I hope to broaden the analysis of the paper and encourage some alternative approaches and lines of analysis.

Especially in Africa, economists are in urgent need of help with the question: Why do governments do what they do? We are only just emerging from a belief, born of our own theorizing, that governments are social welfare maximizing agencies, whose decisions represent a well-balanced consensus of what is best for society. Bates has called this 'normative' rather than 'positive' analysis; what should be, rather than what is.

Increasingly, economists are looking at what governments do and, as the Kruger-Schiff-Valdez project demonstrates, measuring it in exquisite detail. This was an enormously useful exercise – providing us with a quantitative idea of what we are talking about. But the real story of why and how it happens, only emerges through a glass, darkly.

I was marginally involved with the Ghana and the Zambia cases of that study and, having worked with a number of governments, including my own, I have sometimes wondered: Are these governments crazy? Are they evil? Must they distort or destroy everything they touch, in direct contravention of their own rhetorical objectives? The rhetoric is familiar: 'improved income distribution, rural development and growth'. Meanwhile, government policies systematically transfer income to the wealthier and more powerful groups, rip off and, in some cases, lay waste the rural sector and go in a direction that any reasonable undergraduate could tell them is designed to undermine growth. (I used to think the problem was a shortage of trained economists. Having worked within governments I am now not sure that it is as easy as that.)

These speculations are not uncommon for economists. I shall not ask for a show of hands. There are indications that, unlike all the other agents we analyse, we believe government and parastatal officials should be disinterested social welfare maximizers. We are pretty sure *we* are, at least in the abstract, and we are indignant if we find *they* are not.

Good political analysis has no such hangups. As long as it is free from the 'good guy, bad guy' notions of the romantic schools (which Professor Hayami characterized as providing the rhetoric for rent-seeking interventions by governments), it can help us understand how governments work; how ruling coalitions of various ethnic and interest groups and individuals are formed and kept intact; where the principal threats to stability and the maintenance of power come from (certainly not from dispersed, unorganized, smallholder farmers in Africa); how political power is used to transfer income or gain command over wealth and economic resources; and, above all, how economic policy is used to further personal, political and bureaucratic interests. Economists tend to view these issues with trepidation. We are so convinced ourselves that politics is not what it is that we view all these things as kinds of moral turpitude, the subject for a snigger in the bar. (Oddly enough these hangups are particularly marked in other people's countries. In analysing our own countries, economists are more politically sophisticated.) We need good political scientists to complement and help explain the analysis of economists. I do not think this paper achieves it yet. I *do* think we need it.

African countries have varied enormously. The typical pattern is for a small subsector of larger richer farmers and a subsector of highly protected, inward-looking manufacturing firms to be tied in with the bureaucratic and political hierarchy of government and to use these links to gain subsidies, market power, and rents.

In Zambia's reform attempt the organized farm lobby came out strongly for a return to an exchange rate that heavily subsidized imported tractors and fertilizer, and taxed nearly everything farmers produce. This was despite the fact that only a tiny minority of Zambian farmers had access, through a politicized rationing system, to these inputs. The reason is that the organized farm lobby in reality represented a tiny minority, not the vast majority of Zambian smallholders outside the coalition, that keeps the government in power. They also knew that output prices are fixed by parastatal agencies and would not necessarily increase with a devaluation, whereas imported input prices would. A similar story can be told of the manufacturing sector. Predictably, the main power base of the government – urban consumers of tradable goods – bitterly opposed the large devaluation implicit in putting foreign exchange on the market. Less predictably, not even the tradable goods producing sector lobbies supported the programme. They had been taken over by an elite of tradable goods users and consumers. The old coalition based on rents, subsidies and transfers was still intact and since these were precisely the groups hurt by the adjustment programme, they engineered its collapse. The composition of the coalition of interests supporting African governments varies. It typically includes organized labour, again a tiny high income elite of the country's labour force; the army, an ever-present risk; and, above all, the huge number of government and parastatal functionaries. In a number of these countries this government sector exceeds by far the total number of wage employees in the rest of the economy.

Virtually excluded from these coalitions is the vast mass of smallholder farmers (see Kym Anderson). The result is that as governments have involved themselves with economic variables, such as commodities, factor or foreign exchange prices, these variables have been taken out of an arena where they are set by market consensus. Instead they are brought into a political arena where the cards are stacked against agricultural producers, especially the unorganized smallholders. They simply do not have the power over governments that other groups have, and they tend to lose out on the key policy issues.

I think the author is right to look back at the colonial period though, in my view, the notion that colonial governments planned the major agricultural developments of that period gives them too much credit. For the most part the *planned* activities were a disaster. The truly dramatic farming developments of the time were more the result of independent farmers and traders responding to economic opportunities, often with the opposition or merely tacit or *ex post* support from government. Ghana cocoa, Uganda cotton and coffee, Ethiopian coffee, were not creations of colonial governments. What were the creations of the colonial governments were a range of bureaucratic agencies, institutions and habits of mind that have proved to have introduced immense inertia into the postcolonial period. These attitudes and institutions generally arose from a profound mistrust or ignorance of indigenous market processes, and a dirigiste, paternalistic notion that in economic matters government knows best. Then, as now, they also proved to be malleable mechanisms for politically targeting benefits.

These notions, and the bureaucratic institutions that embodied them, were picked up with enthusiasm by the post colonial regimes. They provided a framework, and the wherewithal for their new political agenda. They were also supported and, where they did not exist, often set up by FAO, the World Bank, and other international agencies who found in them a kind of mirror image with whom one could plan a 'development programme'. How can an international agency relate to a grubby, self-seeking, game-playing bunch of market traders? In the case of government and parastatal officials it is easy. We just assume that they are not self-seeking or game-playing, and go ahead. It can all be explained in the next report.

The Agricultural Marketing Corporation in Ethiopia, which has been used (as the author knows from his time in Addis) to destroy the indigenous grain trade, suppress farm prices, and politicize grain distribution in a fashion that has been central to the Ethiopian tragedy, was initially the creation of a Bank project. (The Bank has learned a few things since then.) Increasingly, the various interventions and controls available to government have been recognized as sources of political power, and sources of rent. They have created a clear mechanism by which political power can be used to transfer income and capture resources. In this environment, rent-seeking, the expenditure of real resources to capture rents and transfers, has become the stuff of politics.

In terms of theory and mechanisms, where are we? We certainly have ideology and ideals, but ideological imperatives do not last as long as ideological rhetoric. They do, however, generate institutions. These institutions and bureaucratic systems embody policy, set the rules of the game, generate powerful political interest groups, and literally create the policy agenda. They also have enormous inertia. To provide stability to the whole system and to give it the carrots it needs, we then have rent-seeking, and that is something economists have discovered.

I was going to address the 'development of underdevelopment' and dependency theory issues that are raised in the paper, but that debate is more familiar, more abstract and often more sterile. I have tried to steer my comments into areas where I hope there is more scope for fruitful collaboration between our professional fields in analysing the political economy of policy.