



Pro-Poor  
Livestock  
Policy  
Initiative

# The Political Economy of International Development and Pro-Poor Livestock Policies: A Comparative Assessment

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## PREFACE

This is the twelfth of a series of Working Papers prepared for the Pro-Poor Livestock Policy Initiative (PPLPI). The purpose of these papers is to explore issues related to livestock development in the context of poverty alleviation.

Livestock is vital to the economies of many developing countries. Animals are a source of food, more specifically protein for human diets, income, employment and possibly foreign exchange. For low income producers, livestock can serve as a store of wealth, provide draught power and organic fertiliser for crop production and a means of transport. Consumption of livestock and livestock products in developing countries, though starting from a low base, is growing rapidly.

This paper analyzes political organization and action that can be used to, at least partially, overcome the lack of voice of poor producers in the domestic and international policy arenas. The study builds on a series of country case studies carried out under the supervision of the author (Vietnam, India, Ethiopia, Senegal, Bolivia and the EC) and draws general conclusions on the roles various actors can play in shaping policies for pro-poor outcomes. Long-term investments by NGOs and donors in the capacity of poor producers for political organization and use of networks of NGOs and peasant organizations that extend from the local through national to the international level are seen as ultimately having the greatest benefits for the poor.

We hope this paper will provide useful information to its readers and any feedback is welcome by the author, PPLPI and the Livestock Information, Sector Analysis and Policy Branch (AGAL) of the Food and Agriculture Organization (FAO).

### Disclaimer

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal status of any country, territory, city or area or its authorities or concerning the delimitations of its frontiers or boundaries. The opinions expressed are solely those of the author(s) and do not constitute in any way the official position of the FAO.

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Prof. Leonard's principal publications include the following books: *Reaching the Peasant Farmer: Organization Theory and Practice in Kenya* (1977); editor with Dale R. Marshall, *Institutions of Rural Development for the Poor: Decentralization and Organizational Linkages* (1982); *African Successes: Four Public Managers of Kenyan*

Rural Development (1991); Editor, Africa's Changing Markets for Health and Veterinary Services: The New Institutional Issues (1999); and, with Scott Straus, Africa's Stalled Development: International Causes and Cures (Lynn Rienner Publishers, 2003).

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### **Keywords**

Political economy, livestock policy, decentralization, new institutional economics, patron-client relations, neo-liberalism.

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## EXECUTIVE SUMMARY

What are the political measures that might be taken to advance the interests of poor livestock producers in developing countries given the political economy context within which the policies that affect them are being shaped? To answer this question a team of researchers from the University of California, Berkeley carried out a series of six case studies - in Bolivia, Ethiopia, India, Senegal, Vietnam and (as an example of the effects of the 'global north') the European Union.

### Patron-Client Systems

Peasant livestock producers are particularly disadvantaged internationally and within their national systems because their political participation tends to be mediated through patron-client ties. The consequence is that poor producers most often trade their collective interests for very modest individual (or village) benefits. These patron-client networks are now being extended internationally, generally making them still less advantageous. Eventually poor livestock producers will address their interests through political associations (i.e. horizontal groupings of peers) rather than clientage (which is vertical in orientation). In the meantime, however, without outside help they are unlikely to engage in effective proactive political action on issues related to their collective interests as producers.

### Political Organization and Action

Long term investments by NGOs and donors (international and local; religious and secular; political and apolitical) in the capacity of poor livestock producers and other peasants for political organization ultimately will have great benefits for the poor. International NGOs also offer a different and positive patronage link into the 'global north,' which can be used to counter the industrial country attempts to co-opt local elites. Networks of NGOs and peasant organizations that extend from the local through the national to the international level add extra leverage.

A crucial weakness of poor producers is their lack of information on how the larger political system works and the kinds of policies that are possible and would help them. Helpful measures in addressing this information gap include: General education; Leadership experience in promoting change at relevant levels of government; and Information and analyses on national and international market and technology trends and on national policy opportunities.

Given the general weakness of peasants in their political systems, progressive policy reform at the national level also depends on the identification of elite allies whose interests are coordinate with those of poor livestock producers at the moment. There is a similar need for identification of intra-elite conflicts that might lead one party to take initiatives that would have pro-poor side effects. The possibilities of building pro-poor alliances are likely to vary by level and function of government, although in different ways in each country. Different societal groups will be dominant in different political arenas and thus there will be differences between geographical units as to whose interests are being best served.

Although decentralization has the advantage of being *capable* of developing different policies for the highly varied conditions of the peasantry, by no means is it always advantageous to the poor. Much depends on what types of interests dominate the local political systems. In evaluating decentralization schemes it also is important to focus not only on the local distribution of political forces but also on the actual, not

the formal (legal) distributions of powers, for these often are quite different. Further it is essential to assure that there is a 'good fit' between the ways in which livestock producers are organized and the manner in which government is structured for the delivery of services that are relevant to them.

## **Policy Analysis and Action**

The ever-widening impact of neo-liberalism on public policy presents major problems for pro-poor initiatives but it offers subtle opportunities as well. Interventions to improve the efficiency of markets fit well with neo-liberal theories and therefore are more likely to attract donor support. By no means do neo-liberal policies always benefit the poor but when they can be shaped to do so, it makes political sense to steer within rather than paddle against the current of donor opinion.

For poor livestock producers, access to services is a much bigger issue than price, and subsidies are therefore better applied to the former than the latter. Access is a consequence of physical distance, administrative overheads, and ability to compete on a level playing field with the rich. Services provided at prices below those of the existing private market will attract the rich and powerful and force out the poor.

Poor livestock producers also frequently suffer from imperfect markets. In our case studies we encountered a some instances in which the absence of quality regulation and certification is hurting poor livestock producers. Reducing transaction costs in the livestock markets used by the poor also can be a critical determinant in their ability to survive in the rapidly changing markets for livestock products.

The neo-liberal critique in support of poor producers is at least as important in international trade as it is within the boundaries of developing countries. Since the magnitude of the effects of OECD distortions are known to be very large and therefore potentially very damaging to the poor, we believe that this is an area in which substantial, careful research needs to be done. Even if the effects on the poor are as yet unclear, the political forces shaping world trade in agriculture are not protecting them and the consequences are huge. Those who are concerned for the welfare of poor livestock producers in developing countries must follow the lead of the European international NGOs and learn how to be effective in the policy fora that shape industrial country agricultural policies and trade. There is a strong need for sophisticated and detailed analyses of the international trade measures that would most advantage the least developed countries and the poor within them; current studies are at too high a level of generality to serve as an adequate guide to action by individual countries.

## INTRODUCTION

In development circles today, policies trump projects. Through the 1970s international development assistance was project based, using donor funds to site discrete efforts to improve the welfare of the poor within whatever policy environment pre-existed in a particular country. Over the last twenty years, however, an increasing consensus has emerged among development practitioners that projects situated in an unsupportive policy environment are doomed to failure and that, in any case, favorable policies, - generally operating indirectly through the market - will have a far greater impact on economic growth and the welfare of the poor than projects ever can (Burnside and Dollar; Collier and Dollar; Kleemeier).

The shift in the focus of development from projects to policies changes the nature of the analytic tools that good practice requires. By the early 1980s it already was recognized that the balance had to shift from benefit-cost analysis and management of projects to sectoral and macro-economic analysis. It has taken much longer, however, to openly acknowledge that policy change involves political analysis as well. If policies are to be changed we need to know not only which ones would be optimal from an economic point of view but which ones are politically feasible and the political paths that are most likely to produce them.<sup>1</sup> The shift that the World Bank made in the mid-1980s toward Adjustment with a Human Face was at least in part a concession to political reality - that some visible welfare benefits had to be delivered by governments if they were going to survive in the face of the harsh realignments being forced on local labor and capital (Herbst).

Nonetheless, concern over making the intrusions of Structural Adjustment on national sovereignty even more visible kept the politics of these concessions hidden from public view. Development practitioners made their political calculations on an *ad hoc* basis in the secrecy of their offices; they did not engage in open or systematic political analysis. The consequence was that the best tools of political science have not been used and there has been little systematic, cumulative learning from what was being done.

This essay is an important break from that tradition. It grows out of a decision by the UN Food and Agricultural Organization to employ a group of qualified political scientists to openly and explicitly analyze the political economy driving the policies that govern the livestock production of the poor in developing countries.<sup>2</sup> Case studies were prepared on Bolivia, Ethiopia, two states of India (Andhra Pradesh and Orissa), Senegal and Vietnam. They were accompanied by a study of the politics of reforming the Common Agricultural Policy of the European Union as it affects poor providers of beef and dairy products in the developing world. In this essay we offer an overview of the political economy of livestock policy change as it affects poor producers, methods for analyzing the local particularities of these politics, and suggestions as to how to find openings for change in a generally hostile environment. We will stress not only the basic structures of rural politics but also the ways in which they articulate (or fit) with the organization of the state and with the interests of

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<sup>1</sup> The issue posed here is different from that of popular participation or democratic consent. These may be important to what we consider legitimate or morally defensible, but in many political systems they are not necessarily closely connected to the calculus of political feasibility. In this essay we are not concerned with how political processes *ought* to work, only with the mechanisms by which *existing* political realities might be turned to the benefit of the poor.

<sup>2</sup> This paper was written under a grant from the Pro-Poor Livestock Policy Facility of the United Nations Food and Agricultural Organization to the Institute of International Studies at the University of California, Berkeley. We are particularly grateful for the vision and guidance of our project manager, Dr. Jeroen Dijkman. Helpful comments on this essay were provided by the other members of the Berkeley research team - T. Fairfield, M.C. Gning, M. Halderman, M. Nelson, R.L. Turner, and T. Vu - by J. Dijkman and J. Otte at FAO and by P.P. Houtzager and M. Moore at IDS (Sussex). The author is solely responsible for the final product, however.

other, more powerful political actors. Although there are a number of generalities that can be advanced about the political economy of livestock production by the poor, our major thesis is that reform of policies that affect this sub-sector is highly contingent on national and local circumstances. Thus, our thrust is as much analytic as prescriptive. However, we do suggest a heightened need for NGOs to assist over a very long term in organizing poor producers into national and international networks. We also suggest ways in which pro-poor livestock policies can be structured to take advantage of current donor commitment to building efficient markets.



## A DECK STACKED BY PATRONAGE

From a political economy point of view it is particularly difficult to create a policy environment congenial to livestock production by the poor. By definition the poor are short of the financial resources that most often underwrite political influence. Furthermore agriculture is only one sector of a developing economy, and livestock production is only a portion of that sector. In most countries a majority of livestock producers are mixed farmers and may not define their primary interests in terms of livestock. Those poor producers who do specialize in livestock most often are pastoralists, who under conditions of development frequently are locked in land-use conflicts with (sedentary) farmers. Thus the disadvantaged often are divided among themselves, and poor livestock producers generally will constitute significant voting blocks in only a few regions, if any at all.

Uneducated small farmers in poor countries are neither unsophisticated, traditional nor passive. A substantial body of literature has emerged attesting to the rationality of production decisions made by peasants, given their context and their vulnerability to risk. We also have ample proof of peasant willingness to change where there are clear opportunities (Stiglitz). A different set of studies shows as well that peasant producers can be subtly passive aggressive when their interests are challenged and that rebellion in defense of their autonomy is common (Magagna; Popkin). Both of the latter points are evident even in tightly controlled Vietnam. Tuong Vu notes that individual, unorganized "everyday resistance" ultimately undermined collectivization there. And in 1997 3,000 peasants assembled in a provincial capital to protest corruption among the government's village-level cadres. Similarly in Senegal's Doly affair, pastoralists mobilized effectively to defend a portion of their range from a land grab (Gning). But these actions were reactive and defensive. Effective, collective, proactive peasant initiatives in the policy game are harder to find. Why?

If a lack of electoral and financial power were not enough of a political disadvantage, poor livestock producers in developing countries historically have been locked into a set of political relationships that are deeply disadvantageous to the effective pursuit of their collective interests - the relation between patron and client. The case studies we undertook for this research project revealed a much wider range of patron-client systems - including their absence and their international extension - than the general literature on peasant politics might have led one to suspect. But the logic of these systems proved central to understanding what was going on and what was possible.

Let us begin, then, by sketching an idealized version of rural patronage politics and the reasons it so dominates the social systems of small agricultural producers in developing countries - peasants. (The following analysis draws heavily on Migdal; Scott 1972, 1976; and Popkin.) Sensitivity to this ideal type alerts one to the critical dynamics of what is occurring in a given political system, even when it varies from the model.

Peasant families, both sedentary and pastoralist, face multiple regular risks that threaten their survival and against which formal insurance is unavailable. (See Chambers on interlocking sources of poverty.) Most peasants "insure" themselves against these risks by engaging in informal social exchanges (where reciprocity is long-term, imprecisely quantified and rooted in trust). These exchange systems generally are embedded in families, clans, castes, or (less frequently) religious communities.

Social exchange systems can be based in relative equality but this is not necessary. The poor frequently are able to derive benefits from more advantaged members of their social systems by becoming their clients, exchanging subservience, service and political loyalty for material benefits (Adams, 1986). In a patron-client system the horizontal ties between relative equals are replaced with vertical ties of dependence by the client on the patron. Patronage weakens horizontal bonds between peers.

Peasant politics therefore is naturally based in (a) ascriptive units (i.e., those based on identities acquired by birth) and (b) patron-client relations, which are the dominant forms of its organization and mobilization. Clientage stresses political support in return for *individual* advantage. The vertical bargains between a patron and his/her multiple clients are distinct, can be quite different from one another, and may even violate the collective interests of the clients as a group. Clients therefore frequently support policies that are detrimental to their long-term *collective* interests in order to gain immediate, personal (or small group) advantage. (The difficulties of collective action on a national scale that are inherent in clientage are exacerbated still further by other common features of peasant life - the difficulties of organizing physically dispersed populations, of pressuring distant urban centers of power and of escaping local tyrannies (including armed thugs in parts of the Philippines and Brazil).)

Peasants and migrant laborers who become disconnected from a social exchange network are most at risk and most likely to be severely poor. In principle one therefore might imagine that they are available for political mobilization along lines *other* than ascription (most often ethnicity) or patronage. But it seems that if they are rural it still takes little to mobilize them along these lines, as the promise of ascription or patronage offers such a huge gain in terms of security from risk (Adams, 1986 on Egypt).

Other non-peasant economic groups in society are less likely to be organized *internally* along ascriptive or patron-client lines. They are more likely to be mobilized along class or interest group lines, which permits them to pursue their collective interests more effectively.

Urban workers generally lack the opportunity to create social exchange systems for risk-aversion, save as they are migratory and linked back into the social and political systems of their peasant relatives. To the extent that urban labor organizes separately for political action it is somewhat less likely to do so through patron-client ties (Silberberg, 1991 on Venezuela). Urban workers' defense of their own class interests often expresses itself as demands for lower food prices, which hurt the interests of agriculture even when these workers continue to have close ties to rural homes (Bates).

The various elite groups in society are less vulnerable to risk and may be able to purchase formal sector insurance in any case. These groups can and often do use their resources to buy the clientage of peasant groups. Even in democratic political systems in which peasants are in the majority, their interests therefore will be systematically underserved, because they participate in politics as clients, thereby selling their support to the interests of elite groups in return for modest personal benefits provided to members of their immediate group (Bates). Alternatively peasants are mobilized along ascriptive lines (ethnicity or religion), as these identities are core to the social exchange systems on which they depend. Identity politics substitutes symbolic benefits for material ones. In both cases those groups that *do* organize politically along the lines of their material collective interests are more likely to have them attended to, advantaging elites and (to a lesser extent) urban labor, at the expense of peasants.

Senegal provides a classic illustration of the foregoing ideal typical pattern, although with a new transnational twist (Gning). Groundnuts have been Senegal's most important export crop since colonial times and the region that produces them has been critical to presidential candidates since independence. The region's peasant producers are bound by close ties of patronage to the Sufi Muslim brotherhood of the Mourides, whose leadership historically has delivered their votes in return for great influence with the Senegalese state. The electoral machines of Senegal's first presidents, Senghor and Diouf, relied upon the Mourides. Abdoulaye Wade was able to displace Diouf only because the leadership of the Mourides opted to be neutral in the last election and he too therefore is dependent on it. Senegal's pastoralists never

were swept up by the Sufi movements, so they are outside this network of influence. Historically the leadership of the Mourides derived its income from the brotherhood's followers' work on groundnuts. Thus it could be counted on to assure public policy favorable to peasant groundnut production. But the international market for groundnuts has deteriorated and the Mouride patrons are now in the process of shifting their income-generating strategies to gain more from trade, lessening their need to attend to the collective welfare of their peasant followers. Part of this new trade comes from the importation of milk powder and frozen chicken parts from the European Union. The Senegalese government *could* restrict these imports because the powdered milk is subsidized by the EU's Common Agricultural Policy and there are health and quality problems with the chicken as the cold chain necessary for frozen products is frequently broken. The failure to impose these restrictions hurts Senegal's milk and meat producers, who are undercut by the low prices of the subsidized or low quality products from the EU. But the Mouride *traders* benefit from the imports and work to protect them. Thus here patron-client networks are expanded from peasant clients to the Mouride patrons to now include European super-patrons as well.

The expansion of patronage networks to include the "global north" is a much more general phenomenon (Halderman and Nelson). At the Cancun World Trade Organization meetings over the Doha Round of liberalization negotiations the developing country Group of 21 organized very effectively to challenge the American and EU defense of their subsidized and protected agricultural systems. Notably the Group of 21 was *not* joined by any of the African-Caribbean-Pacific (ACP) states, despite the fact that countries such as Jamaica and Senegal have dairy sectors being damaged by EU subsidies. These countries are linked by special agreement to their former colonial masters in the EU, agreements that effectively buy their compliance with a highly unequal system of global trade in return for modest country-specific benefits that flow to local elites. Clientage is an international phenomenon, not just a national one. The binding ties include special trade arrangements and numerous development assistance projects. The latter give the "global north" a physical presence in the rural areas of the developing world, strengthening still further but sometimes complicating the patronage relationships. (Sometimes the providers of development assistance, particularly the non-governmental (NGO) ones, become advocates within the metropolitan states for their peasant clients; patronage networks *can* be used to positive as well as negative effect.) It no longer makes sense to think of developing and industrialized countries as aggregating their policy preferences within hermetically sealed political systems and then negotiating their differences internationally. The two worlds are interpenetrated with patronage-like links, ones that work both ways but on balance favor the industrialized world more

The structure of the political economy varies considerably from state to state in India. Orissa is largely driven by patron-client structures, however (Turner). As a consequence, livestock policy often is more responsive to larger farm than peasant interests. For example, the placement of animal health personnel is influenced more by civil servant interests than those of producers, especially the poor ones. One of the major weaknesses of the dairy cooperatives in Andhra Pradesh and Orissa is that most of them are government creations headed by political patronage appointees and protected by the state with what have often been *de facto* local monopolies.<sup>3</sup> The highly effective dairy cooperatives of Gujarat, by contrast, were created before there was much government interest in the sector and are not usually subject to political interference. The structure of rural politics in Andhra Pradesh and Orissa States most

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<sup>3</sup> The cooperatives no longer enjoy a monopoly over the formal sector, and never enjoyed full monopoly—they always competed with informal traders for both purchase and sale. Cooperatives do not compete against one another for milk collection, however, and in many areas there are no private companies seeking to purchase milk directly from rural producers. Andhra Pradesh and Orissa cooperatives now are competing against privates, other cooperatives, and informals for share in the *sales* market.

disadvantages those whose livelihoods depend heavily on livestock, who often are from lower castes or reside in marginal areas (such as forests).

In Andhra Pradesh effective promotion of the interests of peasant livestock producers almost always has involved organization and assistance by NGOs.<sup>4</sup> These types of political activities are extremely important as counter-weights to the way in which the political economy of peasant society usually works and for this reason we will highlight them below. Adivasis (tribals) grazing in the forests of Andhra Pradesh have been accommodated partly because their individual acts of defiance of Forest Department regulations had imperiled the forests themselves. But an NGO also did an effective job of organizing these sheep and goat rearers in defense of their grazing interests. This facilitated the Department's making concessions in order to capture some degree of cooperation in managing the forests. From the peasant point of view, however, these NGO initiatives conform to the logic of patron-client relationships - external actors who can provide targeted benefits to individuals and communities, binding these clients together for larger political agendas which would not be pursued by the peasantry alone. This does not mean that these NGO "patrons" were acting contrary to the interests of the peasants - as is the general pattern in patron-client relations. There are good patrons as well as exploitative ones, and these NGOs helped surmount the negative logic of peasant collective action by taking on many of the costs of organization. In this sense they are a great step forward for the poor producers. The larger attributes of patronage remain, however - outside agency and peasant political dependence.

In peasant societies poor producers who are outside the network of patron-client relations *can* be even worse off. At least small farmer clients are getting some individual benefits from their patrons, even if they come at the expense of their collective interests. In Ethiopia the ruling party shares the very strong anti-pastoralist bias that has long been part of the culture of highland Ethiopia (Halderman). Its long term development strategy for the lowlands is that pastoralists should settle along the banks of the main rivers and become like other Ethiopians by adopting agriculture. Livestock specialists are virtually unanimous that this would undermine pastoralist welfare. The government does say that it expects this to be a process that will take many years. In the short term, it has allowed the World Bank and other organizations to support development efforts based on pastoralism and livestock. The government also says that it will settle pastoralists only with their consent. The institution through which it seeks this formal consent, however, is the governing party and this party is strictly controlled from the center. From the point of view of a liberal democrat, then, this consent is hardly reassuring. It is similar to Stalin's saying that he would allow minority nationalities to secede from the USSR, if that were the will of the local people - as managed and expressed by the Communist Party of the Soviet Union. Pastoralists in Ethiopia also lack security of land tenure and, as a result, over the decades they have lost (and continue to lose) critically important dry season grazing areas and water sources to communities of settled agriculturalists (who have moved from the densely populated, often environmentally degraded highland areas), and to irrigation projects, commercial agriculture and game reserves. Lack of secure land tenure has led to increased conflict based on competition for land, particularly in dry season grazing areas. The government does not recognize the very large, informal export of live animals to Somalia and other neighboring countries in spite of the fact that official exports of live animals and meat have declined greatly over the past 20 years. (This government-pastoralist conflict exemplifies part of Scott's argument in *Seeing Like a State*, 1998 - that the state distrusts that which it cannot control.) In rural Ethiopia isolation from the networks of the governing party therefore does not spell an ability to organize collectively but no real political influence at all.

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<sup>4</sup> These NGOs are local in the sense that their organizers are Indians and have had a long presence in the state, but they do rely on outside funds.

The traditional patron-client networks of Vietnam were destroyed by collectivization and replaced by the Communist Party (Vu). This was a common and deliberate Communist strategy, for patron-client systems tend to support the conservative agendas of their land-owning patrons (Jowitt). The collapse of collectivization has left the Vietnamese state with a conflicted and ineffective relationship with the peasantry. Marxist ideologues historically has been, and in Vietnam remain, convinced that the modernization of agriculture comes only through economies of scale. If the Party has backed away from collectivization but still fears the political consequences of medium and large-scale capitalist agricultural production, it has a difficult circle to square. It does so by encouraging active and retired government and party cadres to undertake larger agricultural enterprises. In terms of what we know about development this is a doubtful strategy for enhancing either production or the welfare of the poor (Tomich, Kilby and Johnston). But it also makes the cadres ineffective representatives of peasant policy interests while still shutting off alternative political channels to small producers. The result is that all we see in Vietnam are the "politics of everyday resistance" (i.e., non-cooperation), accompanied by individual petitions to officials and the occasional spontaneous protest. Despite the destruction of patron-clientage, well articulated representation of peasant interests is missing.

Bolivia provides yet another interesting deviation from the patron-client ideal type. Historically the hacienda system locked Bolivian Indians into extremely exploitative client relations with large land-owner patrons (Migdal). This system was dismantled in the revolution and land reform of 1953. The land reform was a result of an intra-elite power struggle and was designed to destroy the political base of the landed aristocracy. The peasant unions that grew up to execute the land reform were incorporated into the then ruling MNR party (Whitehead and Gray-Molina, 2003). Paradoxically these unions *and* patron-client politics both are important in Bolivian politics today but have become disconnected from each other in the way in which they affect politics (Fairfield). Under the Bolivian constitution if no presidential candidate wins a majority in the popular vote (which none ever has) the election is decided by the National Assembly. This competition is determined by intense bargaining and the provision of patronage appointments to the clients of the individual legislators. Thus, almost all civil service appointments in Bolivia are patronage ones, but the client networks are elite ones and have not included the peasantry. (In principle patronage might extend below the elite level if an indigenous party were in the governing coalition, but this has not yet happened.) The peasantry therefore is isolated from the operational mechanisms of the central government.

Between national elections peasant political energies are directed towards the distribution of resources decentralized in the 1990s to the *municipios*. These local governments have been effective at allocating social services but not at supporting agricultural production. The appropriate level for activities in support of livestock production would be one or two steps up from the *municipios* at the departments or provinces, which are controlled by the center and are under-resourced. The peasantry therefore is divorced from the levels of government at which its livelihood issues could be effectively addressed. Ironically, indigenous Bolivians are highly mobilized politically around the protection of their land and their ability to grow coca, but they have virtually no capacity for lobbying. In a pattern reminiscent of the history of French syndicalism (Ansell), Indians can bring down governments through the mechanism of the general strike but they are ineffective in working on issues that address their daily-lives as producers, especially around livestock. The peasant *unions* created in the land reform remain active but they have largely switched their allegiance to MAS, the new indigenous political party, and focus on the defense of land, not production. Peasant *associations* are more involved in production issues but partly because of the structural disjunction created by decentralization have not been effective lobbyists, despite their freedom from parties. Patron-clientage remains the dominant mode of national policy-making; peasants are disconnected from those

networks and have minimal influence on national policies. But through MAS the indigenous population has significant representation in the legislature and when provoked into action on the streets has the ability to bring down governments. The structures of peasant politics have an ineffective 'fit' with the mechanisms of national governance. (This disjunction is an example of Houtzager's "polity approach," to which we will return below; 2003a & b.)

All of the foregoing would seem to create an implacable calculus of disadvantage for peasant producers and doom them to a condition without improvement. Certainly they are disadvantaged in general terms and that is unlikely to change. But improvements for the peasantry - and sometime quite substantial ones - will be possible when selected elite groups (or organized labor) find that their *own* interests coincide with those of the peasantry and therefore use patronage and identity mechanisms to mobilize peasants for (small or large) social and economic changes.

Historically the dominant ally in pro-peasant change has been the industrializing bourgeoisie. Particularly in the period after World War II, this group often was locked in deep conflict with the traditional "aristocracy" of large landlords for control over the state. Industrialists have more difficulty capturing peasant clients, which are the core of the political power of rural elites. This is one of the major reasons why the industrializing bourgeoisie has promoted measures such as land-reform (Bolivia; North and Gray-Molina) or rural social security (Brazil; Houtzager, 2000, 2001) in order to weaken the power of landowner patron-client networks and advance industrial control of public policy. Other reasons that have led elites to extend benefits to peasants have been national security, fear of unrest or revolution, and national integration. As the density of government services in the rural areas increases, forms of peasant organization are likely to grow up around their use and promotion. These organizations generally will be deferential to the state initially but over time, if central and local interests diverge, they may come to challenge it. The stronger the bonds of patron-clientage, however, the less likely the challenge.

An alternative and important mechanism for the political incorporation of the peasantry arises where various non-governmental organizations (including churches) have invested in the past in the organization, mobilization, and networking of peasant groups along interest lines. This pattern is particularly prominent in Brazil and elsewhere in Latin America, where the Catholic Church invested heavily in peasant organization under the influence of "liberation theology" (Houtzager, 2000, 2001; Silberberg, 1998). Once organization around collective interests has been achieved, it then is easier to secure mobilization of the peasantry for new collective interests in the present.

There is much debate as to whether or not peasant organizations need to be autonomous from or allied with political parties in order to achieve policy influence (Houtzager with Pattenden). This debate risks missing the point that much depends on the nature of the peasant organizations themselves. If they are tied into parties through the mechanism of patronage little will be done for the general welfare of the poor; only the peasant leaders themselves will prosper (Silberberg, 1991). Even the peasant unions of Bolivia partly succumbed to this fate. Peasant organizations must be nurtured to address broad collective interests effectively before they enter party alliances. In this formative stage they probably are better off with autonomy from political parties.

## POLITICAL ORGANIZATION AND ACTION

There is no “one best way” to achieve public policies conducive to the livestock production of the poor. The structures of economy, society, politics and government vary dramatically from country to country, and their interaction determines the optimal course of political action. In the following pages, we offer only a few general propositions and instead focus on the analytics that would enable one to devise a plan of action for a particular place.

Without outside help poor livestock producers are unlikely to engage in effective proactive political action on issues related to their collective interests as producers. They lack money, votes and unity. But even more, as stated earlier, their natural mode for participation in politics is through patron-client networks, and this causes them to sacrifice their collective interests for minor personal benefits.

Long term investments by NGOs and donors (international and local, religious and secular, political and apolitical) in the capacity of poor livestock producers and other peasants for political organization ultimately will have great benefits for the poor. Peasants are not passive but they need organizational assistance if they are going to proactively negotiate their interests with the larger political system. Political parties generally are not optimal sources of this assistance in the early stages, for they are inclined to reinforce the tendency of peasants to relate to politics through patron-client relations. As long as patronage systems prevail rural political leaders can not be relied upon to represent the collective interests of their constituents at either the local or national levels and the parties in which they are involved tend to be devices for co-optation, not empowerment, of the peasantry (e.g., Silberberg, 1991). The record in Latin America strongly suggests that NGOs are much more likely to sustain the forms of organization that empower the peasantry over the one to two decades that are required for any significant impact (Houtzager, 2001).

*Networks of NGOs and peasant organizations add even more leverage.* Part of the Brazil story has been the linkages between local peasant unions and state and national confederations, which link up with public officials at different levels of government. Another part has been the Catholic Church, which is a local, national and international actor. The ability to ‘be present’ at many levels simultaneously is increasingly important (Houtzager, 2001).

*A crucial weakness of poor producers is their lack of information on how the larger political system works and the kinds of policies that are possible and would help them.* If NGOs not only are going to organize peasants but also enable them to be the creators rather than the victims of their destinies, peasant leaders must be assisted to have an autonomous understanding of the environment in which they are acting. *Helpful measures* in addressing this information gap include: General education; Leadership experience in promoting change at relevant levels of government; and Information and analyses on national and international market and technology trends and on national policy opportunities.

The disabling effects of patron-client relationships and ineffective action in defense of collective interests in livestock production are evident internationally as well as within developing nations. Senegal illustrates how the interests of local elites in one narrow part of their economic relationship with a former colonial power can lead them to sacrifice broader economic interests, with a negative impact on the poor. In the Cancun world trade negotiations, the African-Caribbean-Pacific nations seemed to be locked by patronage ties into supporting the EU position. Shortly after the meeting collapsed the US also was able to swing most of its Latin American clients behind its position.

*International NGOs offer a different and positive patronage link into the "global north," however.* The extraordinarily interdependent character of the contemporary world means that not only are industrialized governments and companies present in and influencing developing states, but NGOs are as well. At least some of these international NGOs are taking the insights they have gained from their development work and turning them into advocacy campaigns in their home countries. The campaigns that Oxfam and other NGOs mounted within the EU on the Common Agricultural Policy and at the WTO Cancun meetings on world trade are powerful examples (Halderman and Nelson). In the long run, one hopes that international NGO links to the developing world might look much more like supportive partnerships and less like benign patronage. Certainly the NGOs themselves are highly sensitive to the latter characterization. But the imbalance in financial resources and information between the north and the poorest players in the south is too great at the moment.

One might think that governmental donors would play the same kind of role as the development NGOs in promoting the interests of developing world in industrialized countries, but these agencies are too constrained by the political systems they represent to effectively counter the powerful domestic trade and other interests which are arrayed against the needs of poor country producers. The most one can hope is that they sometimes would quietly provide technical information and funds to NGO partners who are willing to play aggressive advocacy roles. Even here there is a danger that financial links that were too large could lead to co-optation and muting the message. The NGOs that have the largest contracts for providing bilateral development assistance notably were not visible at Cancun.

There is a strong need for sophisticated analyses of the international trade measures that would most advantage the least developed countries and the poor within them. The International Food Policy Research Institute and the US Department of Agriculture did produce studies on the development effects of liberalized agricultural trade, but they were conducted at too high a level of generality to be useful in establishing the negotiating positions of the least developed nations (IFPRI, 2003b; Burfisher). European NGOs working on development, such as Oxfam, did an admirable job of partially filling the gap. As we noted just above, in the run up to and following the WTO's Cancun meeting in September 2003, European advocacy NGOs supporting fair trade did an outstanding job, through their research and advocacy campaigns, of raising awareness regarding the trade-related problems facing developing countries (Halderman and Nelson). However, still greater detail and econometric sophistication, as well as the legitimacy that would come from studies done by independent professional research bodies, were needed to provide greater guidance to the poorest countries on their negotiating positions and to increase their impact on the meetings. There is much less danger of co-optation as a result of these technical studies than there is from direct financial assistance.

Progressive policy reform at the national level depends on the *identification of elite allies whose interests are coordinate with those of poor livestock producers at the moment.* There will be little improvement in the welfare of the poor if one takes the naively optimistic view that national governments wish nothing but the best for their least advantaged citizens and need only donor resources to serve them. If one takes a long historical view, however, it is evident that elite allies of the poor do exist at crucial moments of crisis and change (Houtzager and Moore, 2003). The challenge for donors, peasant groups, and their NGO allies is to recognize and exploit these opportunities. A consistently pessimistic myopia will let these moments pass by.

Similarly, progressive reform will be advanced by *identification of intra-elite conflicts that might lead one party to take initiatives that would have pro-poor side effects.* For example, Halderman and Nelson observe that in the long run the ability of European food processors to market their products internationally is hurt by the subsidies and protection enjoyed under the Common Agricultural Policy by EU farmers.



Finally, we should ask what are the levels and functions of government at which the interests of poor livestock producers are most likely to be advanced? Houtzager's "polity approach" (2003a & b) leads one to examine how the structures of social, economic, and political organization relate to structures of government. Peasants not only must be organized but they must be able to work at the levels of government at which the policies that most affect their interests are shaped. Furthermore, the parts of government in which policies with an impact on the production of livestock by the poor are made must have the technical and financial capacity to act effectively. Structures and the ways in which they are articulated matter hugely. Poor livestock producers in Bolivia are disadvantaged because the political determinants of national political office are isolated from the levels at which indigenous organizations have the greatest influence (Fairfield). In a similar vein, we note that the interests of poor livestock producers rarely fare well at the level of the state in India but in small regions they often are sufficiently concentrated to receive better attention within specific districts (Turner).

*By no means is decentralization always advantageous to the poor* (Crook, 2003; Leonard and Marshall, 1982). The faith of donors in decentralization sometimes seems to parallel that in motherhood. But its value for peasants very much depends on how political power is organized and resources are distributed. Sometimes local landowning elites dominate village politics and little can be done for poor producers there. Other times patronage politics makes it difficult to address collective interests at certain levels of government where peasants are dominant. Finally, the nature of some policy problems makes them inappropriate for some forms of decentralization. In the 1990s Bolivia decentralized substantial authority and resources to the *municipios*, where indigenous influence often is strong. This has been very helpful to educational and welfare programs for the poor. But the *municipio* is an ineffective level for addressing problems of livestock production and Bolivia's districts and provinces (which would be much more appropriate) are under-resourced and controlled by national patronage (Fairfield, 2003). The general donor presupposition that decentralization to participatory local governments is always advantageous to the poor is not empirically sustainable.

In deciding how the interests of poor livestock producers relate to a decentralization reform in a particular country it is helpful to ask, What are the parts of the political and policy systems in which pro-poor livestock policies are most likely to be advanced? *Different societal groups will be dominant in different political arenas and thus there will be differences between geographical units as to whose interests are being best served.* There is a range in farm sizes in any agricultural system and larger farmers typically dominate the rural structures of interest representation - whether for reasons of patronage or prestige. When the goods produced and the technologies used by the large and small farmers are very similar and the gap in size is not huge, the policy needs of the two groups will be similar and the dominance of larger producers will not be a problem. These systems are what Tomich, Kilby and Johnston call unimodal agricultural systems. Where the products and technologies diverge - and particularly when the small farms serve as a source of labor for the large ones - we have a bimodal system and the political dominance of the large producers generally will have very negative consequences for the poor. Generalizing from the literatures on comparative politics and decentralization in developing countries (Leonard and Marshall) we can conclude that *usually*:

- Peasant interests are most likely to be served in agricultural localities and regions *if* the mode of production in those areas is overwhelmingly small-scale (that is, unimodal). If peasant production is mixed with large-scale units with different crops and technologies (so that it is a bimodal system), the interests of the latter will tend to dominate.
- If national agricultural production is overwhelmingly small-scale, peasant interests will be best served by decentralization of those functional areas in which their

interests are distinctive, because there is likely to be substantial regional variation in their policy needs.

- If large-scale agricultural production is present throughout the country, peasants' interests will be better (even if not necessarily well) served by centralization, for there then is at least some chance of their being a part of an alliance with non-agricultural elites against land-owners. (As we observed earlier, in Latin America such an alliance was evident in the 1950s, when rising industrial and commercial interests joined in promoting land reform at least partly to break the hold of large landowners on national politics. The failure of land reform in India can be attributed in part to the fact that the independence constitution delegated matters related to agriculture to the states, in most of which large owners were politically dominant.)
- If large-scale agriculture is concentrated in a few regions and small-scale production in others, peasant interests again will be better served by decentralization. (This is evident at the provincial level in Bolivia and at the sub-state level in India.)

*In evaluating decentralization schemes it is important to focus on the actual, not the formal (legal) distributions of powers.* For example, the United States constitution gives the national government no role in matters of health and welfare. The superior powers of the federal government to tax, however, have enabled it to offer financial inducements to the American states for "voluntary" compliance with national standards, which gives Washington huge influence in these policy domains. It is a commonplace of American public administration that financial and other linkages have made the reality of decentralization in the U.S. almost the opposite of the formal division of powers envisioned by the authors of the constitution (Marshall). Similarly, the constitution of Ethiopia delegates substantial authority to the regions, including even the right of secession! In a manner very similar to Stalin's nationalities constitution for the Union of Soviet Socialist Republics, this constitution depends on the absolute control throughout the country of a single, disciplined, governing party (and its subsidiary allies) if the integrity of the nation is to be preserved. Thus the decentralized Ethiopian constitution actually makes it unlikely that real regional autonomy will ever be granted there, for that would threaten the future of the country (Tucker).

Our overriding point is that there is no single cross-national pattern and that decentralization, much less one form of it, is not always advantageous to the poor. (Leonard and Marshall, 1982.)

Where the current political economy of a country is hostile to the interests of poor livestock producers serious consideration must be given to the cessation of aid to the sector and possibly its reduction to the country. Donors have their greatest influence when they are writing projects and their least when they are implementing them. Donors therefore can delude themselves about the impact they actually are going to have on the poor. Political elites can derive direct and indirect benefits even from projects that fail. Such projects may reduce balance of payments problems, increase the patronage of government employment, stimulate the rental market for elite-owned expatriate housing, provide well-connected locals with contracts, etc. A donor faced with an unsupportive political environment will have very little real leverage unless it is prepared to cancel a non-performing project. Project specific action can be effective if the opponents of poor producers are concentrated within the sector and derive benefits from the project. But only reduction in the overall level of aid provides leverage against dominant national elites, who will not be hurt if assistance simply moves from one sector to another. The donor practice of first pledging an overall level of support to a country and then negotiating where and in what projects it will be spent often leaves little leverage against domination national interests. A

number of studies indicate that donor influence on sector policy reform actually has been quite limited (Collier and Gunning; Devarajan, Doller and Holgrom; Dollar and Svensson). As I reflected on the case studies we conducted, I felt these concerns most acutely with respect to the pastoralist sector in Ethiopia. The government is committed to settlement of pastoralists, which will be very harmful to the sector. Under great persuasion from the World Bank, it has consented to a project that assures continued transhumance for pastoralists for the time being. But I worry that the reality of implementation could be negative for the poor unless the Bank is willing to cancel the project if things go wrong.

Progressive action need not necessarily depend on the motivating force of elite interests, however. Are there specific policies or programs that would benefit poor livestock producers to which elites are simply indifferent and which could be initiated with little resistance with donor or NGO financing? The access of large ranchers in Bolivia to international beef markets depends on their creating an internationally recognized lowland zone free of Foot and Mouth Disease (FMD). Poor livestock producers have very little to gain from such a cattle-focused initiative. They would be able to access international markets with llama meat which they alone raise, however, if they could create an FMD free zone and reduce the llama parasite causing sarcosistiosis in the highlands. As long as it were financed first by donors and then by llama sale revenues such an effort would complement but not compete with the needs of larger ranchers for an effective disease control agency in Bolivia (Fairfield). In a similar vein, in India larger producers and Hindu organizations concerned with the sacred status of cows have no reason to oppose initiatives for goats or backyard poultry (Turner; Dolberg). The challenge is less to start such initiatives than to assure that they will generate the revenue needed to sustain themselves after the donor withdraws.

Thus, we should examine the structural features of the policies that are more likely to benefit poor livestock producers. The ever-widening impact of neo-liberalism on public policy presents major problems for pro-poor initiatives but it offers subtle opportunities as well. The old style of statist programs where government bureaucracies distribute services to individual clients are out of fashion, whether they be targeted on the poor or not. Most multilateral and bilateral donors are working to shrink or transform these old programs and they certainly are unlikely to finance their expansion. Among our five case study states, Bolivia, India and Senegal are committed by domestic policy to neo-liberalism and by virtue of donor strictures even Ethiopia and Vietnam can no longer be as statist as they once were. Left to themselves the market mechanisms that are replacing bureaucracies are likely to favor those who have money, of course. Furthermore the peasantry, because of its orientation to patron-client relationships, is more likely to recognize the benefit of, and politic effectively for, benefits that can be individually consumed, not ones that are provided indirectly through improved market efficiencies.

On the other hand, the poor actually did not do particularly well with the old style of bureaucratically-delivered individually-targeted programs. *The political issues* therefore *concern not just the passage of programs but their actual implementation as well*. Studies of the delivery of veterinary services in East Africa and India, for example, indicate that the poor received less "free" care for their animals than the rich did and that the poor paradoxically often got better veterinary services relative to the rich when they paid for them. The supply of veterinary services never matched demand; without a market for them they were allocated by power and influence and the poor had even less of these than money relative to the rich. Since payment also works to increase supply, in practice the poor generally have been provided with better veterinary services when they are marketized than when they are delivered bureaucratically for free (Ahuja et al.; Leonard, 1987).

For poor livestock producers, access to services is a much bigger issue than price, and subsidies are therefore better applied to the former than the latter. Access is a matter of physical distance, administrative overheads, and ability to compete on a level playing field with the rich. Woods (1999) has demonstrated for Zimbabwe that use of veterinary services declines steeply with distance from the animal health provider. Tacher also documented for the Central African Republic that herders were willing to pay in order to have preventive veterinary measures readily available for

their animals (1987). Remote areas peopled with poor livestock producers generally cannot attract private veterinary personnel. The appropriate use of subsidy, then, is not to lower the charge for animal health services, relative to more prosperous and central locations, but to induce the provider to practice in the area at all. (See also Leonard, Koma, Ly and Woods, 1999.) This is the challenge that Turner reports for the inland areas of Orissa in India.

A very similar analysis has now become common-place for rural credit. The overhead costs of providing loans to the poor in the villages are steep. Not only is the creditor working in more remote locations where infrastructure is weak and volume is low, administrative costs as a percentage of the total amount of what is inevitably a very small loan also are very high. The high interest rates charged by traditional money lenders were not necessarily usurious once the full costs of administration and risk were properly considered. The appropriate focus for subsidies, therefore, was not on the interest costs of the money itself but on the expenses of administering the credit. This insight was the foundation of the micro-credit revolution (Yunis; Peterson)

In the days when agricultural interest rates were highly subsidized and below the rates charged for large commercial loans, it was very difficult for the poorest to obtain credit from these sources. The most notorious case occurred in Brazil in the 1970s when the World Bank tried to reach the rural poor by flooding the market with highly subsidized credit; rich farmers simply expanded their demand for loans well beyond what their farms could absorb and reinvested the money in profitable urban enterprises (Adams, 1977). By charging interest for the loans at rates slightly above the formal market and by subsidizing instead the administrative costs of reaching the poor in the villages, micro-credit providers have dramatically improved the access of the disadvantaged to credit. The well-to-do and powerful have ample access to market rate loans elsewhere and therefore leave the poor to compete for this credit on a level playing field.

The point that services provided at prices below those of the existing private market will attract the rich and powerful and force out the poor is widely generalizable. Vu reports that when Vietnam sought to meet demand for milk by importing exotic animals and distributing them at subsidized prices the beneficiaries were cadres and other elites, not the poor. When benefits of a service are privately appropriatable and scarce, it is exceedingly difficult to keep them from being absorbed by elites and/or used to finance patronage networks (Bates). A few high quality NGOs succeed in targeting the poor; governments and donors almost always fail - if they even try.

The corollary point that access is more important to poor producers than price also is generalizable and worth restating. Gning found that the absence of working capital credit for livestock traders in Senegal created a situation in which pastoralists have to entrust their stock to traders, only to be paid after the animals had been finally sold in the cities. Such an arrangement means that pastoralists can only "sell" their stock to traders whom they can trust because of a tight personal tie. This significantly reduces competition between traders and thus the prices that pastoralists receive. In Vietnam NGOs have undertaken a number of micro-credit initiatives in the rural area, charging market interest rates but subsidizing administrative costs. There is no doubt as to the popularity of these programs with the rural poor - access is more important to them than price. But the Government of Vietnam so far has refused to regularize these micro-credit programs; it is locked into the old view that it is exploitative to charge market rates for services for the poor. In this way its outmoded understanding of how the poor are best served in practice is inhibiting programs that actually are of great benefit to them (Vu).

*Poor livestock producers also frequently suffer from imperfect markets. Donors and governments committed to neo-liberalism are much more likely to fund programs to correct these market imperfections than to provide direct assistance. The first of these imperfections concerns the difficulty an unregulated market for livestock*

*products has in delivering quality.* A Nobel prize was awarded to George Akerloff for demonstrating that when there is unequal information between the buyer and the seller about the quality of a product, the buyer will not be willing to pay extra for quality (1970). This advantages the low quality sellers over the high quality ones and, if the poor quality products are cheaper to produce, gives them a competitive edge. The presence of some kind of regulatory mechanism that provides quality assurance enables the producer of the better goods to receive a higher price.

In our case studies we encountered *a number of instances in which the absence of quality regulation and certification is hurting poor livestock producers.* A consumer preference for fresh milk over reconstituted powdered milk is wide-spread. In Senegal there are people who are willing to pay extra for fresh milk but there was no way for consumers to know whether or not they are receiving it (Gning). Similar confusion between fresh and powdered milk is evident in Vietnam (Vu).<sup>5</sup> This gives an advantage to imported powdered milk over local fresh milk producers. The promulgation and enforcement of labeling requirements that would certify pasteurization and clearly identify the percentage of the product that was made from reconstituted powdered milk would help local producers. Similarly, there is a market in Europe for fresh llama meat from Bolivia - but only if it can be certified to be free of foot and mouth disease and sarcosistiosis (Fairfield). In Senegal frozen chicken parts from the European Union are invading local poultry and beef markets, but the cold chain for frozen chicken is frequently broken. If Senegal strictly enforced the cold chain (with regulations that probably already exist), the frozen product would be more expensive (as well as much safer) and local producers would have a better chance to compete (Gning). Finally, India is one of many countries in which consumers actually prefer backyard over mass-produced chicken, because the former is tastier, and they are willing to pay a price premium for it (Dolberg). Labeling and the enforcement of sanitary handling and transport for backyard poultry would give a better market to poor producers. In all of these instances regulation of quality works to the advantage of poorer livestock producers.

This is not to say that quality certification and regulations are always or even generally in the interests of the poor. The types of quality and safety regulations that are in vogue in general have a negative impact on poor producers in developing countries because of a lack of access to existing infrastructure and institutions that would allow them to certify (if they could afford the transaction costs involved in the first place), and the complete absence of technologies, goods and services that would allow for certification of their products through innovative product standards and safety norms. Often these norms and standards also are completely inappropriate or unnecessary in respect of the manner in which the vast majority of consumers actually prepare or consume the products regulated by it.

We are advocating the certification of quality only in instances in which consumers are trying to buy it and are unable to identify it and the regulation of quality in instances in which there may be a public health risk. Therefore, regulation should be selective and based on an analysis of its impact on the poor. Our intent is to offer this as a possible "strategic entry point," not to make any blanket recommendation. We are convinced, however, that there is a pro-poor issue here in some circumstances. As noted, powdered milk is edging out fresh milk in upscale markets and is definitely hurting poorer producers. It is the large manufacturers who benefit from the current ambiguity, not the poor. A regulation that required those who sell milk in bulk and/or in packages to appropriately label the powdered milk content of their product would

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<sup>5</sup> In Vietnam the state-owned company that makes ready-to-use milk cans from powdered milk does not tell customers so, but sells it as "fresh milk" [sua tuoi in Vietnamese]. There are similar milk cans produced by joint ventures between Nestle and Dutch Lady and the state-owned company, which use Nestle and Dutch Lady's brands and are more expensive. These products do mention on the package that they are made from powdered milk. The canned milk enjoys the advantage of being sold in smaller quantities, which may well explain its higher price per unit of volume. Poor customers certainly can't distinguish between the powdered and fresh milk.

be a burden on the large producers and give the poorer ones a chance to compete with them.

Our interest in this topic comes from looking at medical and veterinary markets. Our research has detected clear evidence that even the poor are willing to pay for *appropriate* quality services if there are institutional mechanisms that assure them that quality is what they are getting. Of course that looks at the poor as consumers, not producers. But if the poor are willing to buy appropriate quality, the rich are too and their interest in some products produced by the poor would be enhanced if there were appropriate certification (where consumers wish to exercise choice) and regulation (where health is at stake). The dangers arise where regulation goes beyond what is minimally necessary for public health and invades the domain of choice, where certification is the appropriate tool. Certification and regulation mechanisms are expensive and raise the cost of the products subject to them. If consumers would be willing to pay well more than the extra costs if they could only be assured of the quality, these extra regulatory costs help the poor. The trick is to try to avoid regulating markets or products where quality is not known to be an issue. Of course any regulatory or certification process has economies of scale built in and that is another source of problem for the poor. This is where government or parastatal action is appropriate. It's not as if the Bolivian large beef producers weren't willing to use a state agency when it suited their interests. In this regard the example of the Kenyan Tea Development Authority is useful. It has been able to put Kenyan small holders at the top of the world tea auctions by providing quality regulation as a public good, while permitting the rest of the crop to be sold to the poor on the local market in distinct packaging (Leonard, 1991).

Reducing transaction costs in the livestock markets used by the poor can be the critical determinant in their ability to survive in the rapidly changing markets for livestock products. It is a myth that in the livestock revolution industrial operations always will be able to out-compete small producers. In a series of detailed case studies Delgado and his colleagues have found that "small, family farms are typically more efficient at generating profits per unit of output than are large production operations" because of the low marginal cost of family labor and other inputs. The commercial viability of these small producers nonetheless is threatened by their weak articulation with the markets for their livestock products and the inputs they use in raising them. Beyond the matters of quality and credit which we have already addressed there are investments to be made in physical and social infrastructure, such as abattoirs, roads, pump-priming of transport systems, and marketing processes. These investments are particularly attractive for livestock products in which the poor are able to predominate, perhaps because of the low requirements for initial capital or ecological niches. Examples are backyard poultry and small ruminants in India and llamas in Bolivia.

Interventions to improve the efficiency of markets fit well with neo-liberal theories and therefore are more likely to attract donor support. Once the market mechanisms are well-established, their efficiencies are likely to enable them to survive the withdrawal of assistance. For example, products that are certified for their quality are likely to produce a sufficient price premium that a small cess on them could be used to finance the regulatory process and make it sustainable. The ability of improved markets to generate modest tax revenues also may be critical in persuading governments that they should support (or at least not interfere with) certain forms of livestock production. For example, the Government of Ethiopia does not recognize the thriving, informal cross-border live animal marketing and export sector that has been long used by pastoralists in the lowlands. Instead, it refers to the practice as "contraband" and argues unconvincingly that this illicit trade deprives pastoralists of fair prices for their livestock. The government has been opposed to this informal trade, particularly via Somalia, and has taken steps to restrict or prevent it. (Halderman). If investments were made in these markets both to make them more efficient and more taxable by the state, a win-win situation could be created. It takes

a sophisticated understanding of markets, however, for producers to understand in advance that their own interests are going to be advanced by regulating their activities. These types of interventions therefore probably are most feasible if they are initiated with donor funding; after their value is proved peasant political pressures can help to sustain them.

Ironically, then, the neo-liberal emphasis on market mechanisms and market-clearing prices *in principle* and in some circumstances can deliver a larger percentage of development assistance to the poor than the old, bureaucratically-provided, subsidized-good approach did. The advantage to the poor is not the automatic product of Adam Smith's hidden hand, however. It depends on targeting the market imperfections that particularly disadvantage small livestock producers. *By no means do neo-liberal policies always benefit the poor but when they can be shaped to do so, it makes political sense to steer within rather than paddle against the current of donor opinion.*

The neo-liberal critique as an instrument for the interests of poor producers is at least as important in international trade as it is within the boundaries of developing countries. Over two-thirds of the distortions in world agricultural prices are caused by industrialized countries, dwarfing the effects of developing country policies (Burfisher). The International Food Policy Research Institute (2003a) states that, "Elimination of protectionism and subsidies of the industrialized world's agriculture would triple developing countries' agricultural trade." The magnitude of this effect almost certainly swamps domestic country changes. One is tempted to say that the agricultural ministries of the "global north" advocate neo-liberalism for the poor and protection for the rich. By no means is it clear, however, that free trade in agricultural products always would work to the benefit of the poor in the "global south". Better off producers in countries like Argentina, Brazil and even India would be major beneficiaries of a change. The modeling necessary to establish an impact on the poor per se has not yet been done. The USDA modeled the effects of eliminating trade distortions on food security (which relates to poverty) and found a modest but not overwhelming improvement from liberalization (Sharpouri and Trueblood). Even in middle income countries, there might also be multiplier effects that help the poor. And IFPRI (2003a) does state that "Sub-Saharan Africa suffers a displacement of agricultural and agroindustrial production that amounts to about 3.4 percent of total income in those sectors." Since inequality in Sub-Saharan Africa is more modest than elsewhere in the world, this implies that poor producers there would benefit.

None of the above is definitive, however, and certainly doesn't provide us with guidance for individual countries or commodities. On the micro front, Halderman and Nelson found evidence of serious damage from the EU CAP to the pastoralist beef industry in West Africa a decade or so ago and to Namibian small farmer production in the mid-90s. Both of those have stopped now, although we know of nothing legally binding that would prevent their recurrence. Gning's Senegal study also is clear on milk and chicken parts. The latter isn't a consequence of subsidies, however, and both also can be attributed to Senegalese complicity in French interests. There were no problems we could identify in Bolivia, Ethiopia or Vietnam. India was mixed, as there seemed to be a negative impact on its ability to export livestock products in the region caused by EU CAP subsidized exports. It is reasonably clear that there are at least some problems for poor producers but we do not know their magnitude. We do know that the interests of poor producers are not at the forefront of global negotiations and that it takes a big publicity push by NGOs to stop damage when it occurs.

Our research project was not designed to prove damage, only to pick up opinions that it might be occurring. Since the magnitude of the effects of OECD distortions are known to be very large and therefore potentially very damaging to the poor, we believe that this is an area in which substantial, careful research needs to be done. Even if the effects on the poor are as yet unclear, the political forces shaping world



trade in agriculture are not trying to protect them and the consequences are huge. Those who are concerned for the welfare of poor livestock producers in developing countries must follow the lead of the European international NGOs and learn how to be effective in the policy fora that shape industrial country agricultural policies and trade.

## CONCLUSIONS

How then are livestock policies that promote the interests of poor producers in developing countries to be advanced? The brief answer is - not easily, but with sophisticated analysis, patience, and the right allies.

The poor are at a natural disadvantage in any political process and the tendency of peasant livestock producers to be incorporated into politics through patron-client networks makes sympathetic attention to their collective interests particularly unlikely. Even when peasants escape patron-client ties they are more likely to be left outside the decision-making process for agricultural policies than to be effectively incorporated into it - particularly as lobbyists as opposed to just as voters. There are times, however, when other major political actors find peasants useful allies and will mobilize them by addressing their interests. There are other times when a particular form of decentralization - well crafted to the unique political economy of the peasantry in a country - will give poor livestock producers control over policies in their areas. And increasingly we are seeing international and local NGOs emerging as organizers and advocates on behalf of peasants and lobbying effectively on their behalf in local, national and global fora. None of these deviations from the norm wholly break from the logic of patron-client relations - but they are a benign form of them and they are a critical step on the road to peasants' becoming effective advocates in their own interests.

The influence of the "Washington Consensus" on the world's policy discourses makes it very difficult to promote reforms that deviate from the current neo-liberal norm. Nonetheless, with good insight into the local social and political economy and with sophisticated analysis, neo-liberal reforms that aid the poor can be found and promoted. The secret to advancing the interests of the poor in the policy process is to navigate *within* the flow of dominant forces, not attempt to paddle against it. Markets are the dominant discourse and little will be accomplished by renouncing them. Many markets suffer from serious imperfections that harm the poor, however, and the "Washington Consensus" and its allies are open to correcting them. It is critical to attend to the effects of international distortions to agricultural markets at least as much as national ones, for the former generally have the larger impact on the welfare of those in developing countries.

All of this takes patience. Policy reform is never easy - it can be blocked for long periods of time and then move with lightening speed when the constellation of interests, opportunities and structures is right (Grindle and Thomas). One must be ready for the moment when it arrives. This requires the construction of a sound basis of knowledge and analysis of the actual conditions of poor livestock producers and the creation of experienced local and international organizations to advocate on their behalf. Local and international NGOs are central to the latter, organizational and advocacy tasks. Donors and multilateral organizations can help a good deal with the former, knowledge issues; it is particularly important at the moment to improve the understanding that low-income countries have of exactly what would advance the interests of their poor in a reformed system of international trade.

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