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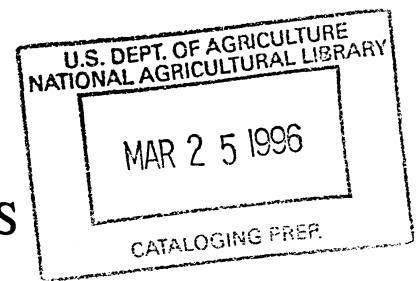
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POLITICAL INSTITUTIONS, ECONOMIC DEVELOPMENT AND PATTERNS OF AGRICULTURAL ASSISTANCE

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This paper identifies and separates the influence on international agricultural assistance patterns of political systems, economic development, industrialization, tax collection, and terms of trade. The study covers 25 countries and 22 commodity groups for the period 1982-1987, and considers assistance via input and output policies, infrastructure interventions, and economy-wide policies. We use a reduced-form approach. Our data and specification include a taxonomy of four political systems, indexes of civil liberties and political rights, and the PQLI index reflecting equity concerns of government. Collection of these data is a significant contribution of this study.

In addition, our paper addresses three limitations of past empirical work. First, most studies use nominal protection rates and do not consider total assistance, which also includes input subsidies, marketing subsidies, and research and extension. Second, previous studies fail to test and account for a possible simultaneous equation bias since agricultural protection, production, and GNP are interdependent. Finally, previous reduced form analyses make limited attempts to include country-specific constraints on tax collection in the estimated equations. Taxation of agricultural exportables is the major source of revenue for policy makers in developing economies because of administrative inefficiencies and lack of alternative tax instruments. With growth, the taxable income base becomes more diversified and income taxation substitutes for agricultural commodity taxation. Our work sheds light on the interaction between political institutions and the intensity of demand for agricultural assistance. This will allow better understanding of the sustainability of policy reform -- a central issue in the development of structural adjustment policies.