

Food Production in Africa

The Importance of Politics

With

Steven Blocks

Post Independence Era

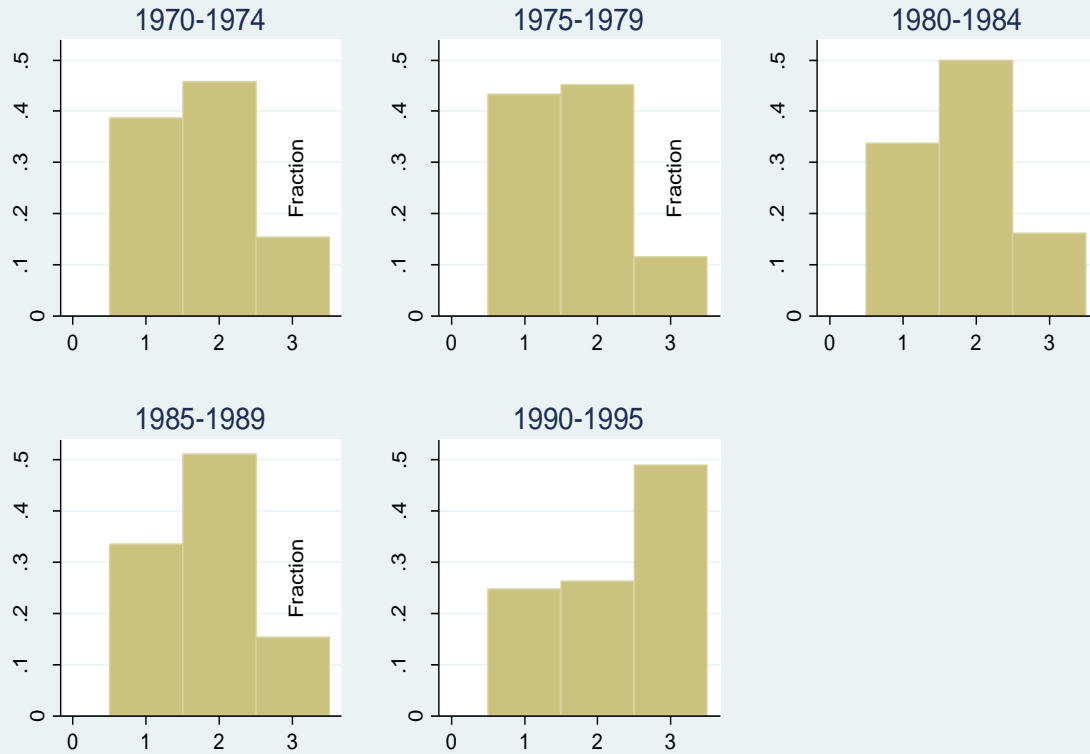
- Agriculture largest single industry in most countries
- >70% of the population living in rural areas
- Yet: Africa importing food
 - Add subsistence crises: Sahel, Ethiopia, even in Southern Africa
- Why?

- One reason: Inappropriate policies
 - Domestic market: Non-competitive markets and monopsony power
 - International markets: Overvalued exchange rate
 - With the result that:

$$\uparrow \frac{\pi}{CPI} = \downarrow PQ - wL - rK$$

- Why?

Political Institutions in Africa, 1970-1995

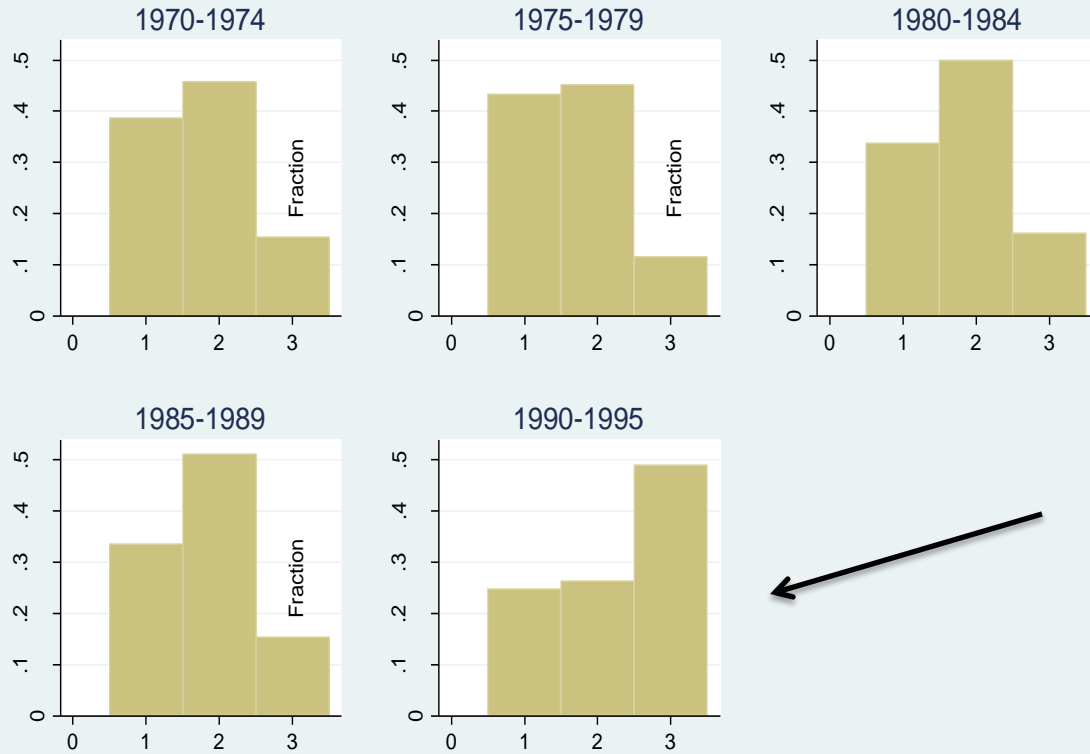


1 = No-Party System 2 = Single Party System 3 = Competitive Party System

Authoritarianism →
Interest group politics →
Urban (policy) bias

- Industrial firms
 - Concentrated economically and geographically
 - Often government owned
 - Therefore: High benefits from and low costs of lobbying
 - Want: Cheap food and raw materials
- Farms
 - Dispersed economically and geographically
 - Few incentives to lobby and high costs of lobbying
- Result: Policy Bias

Political Institutions in Africa, 1970-1995



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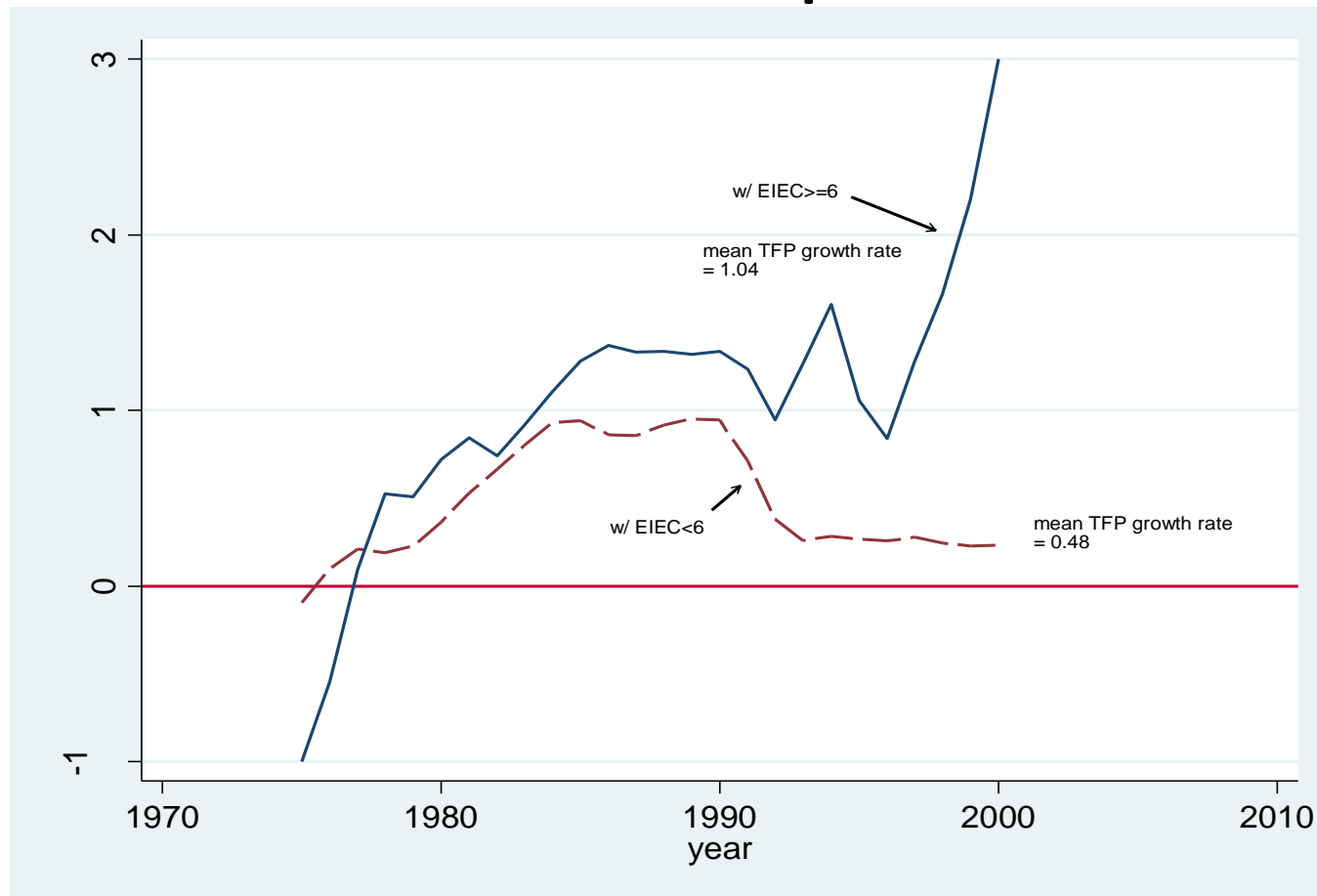


Change in Political Institutions

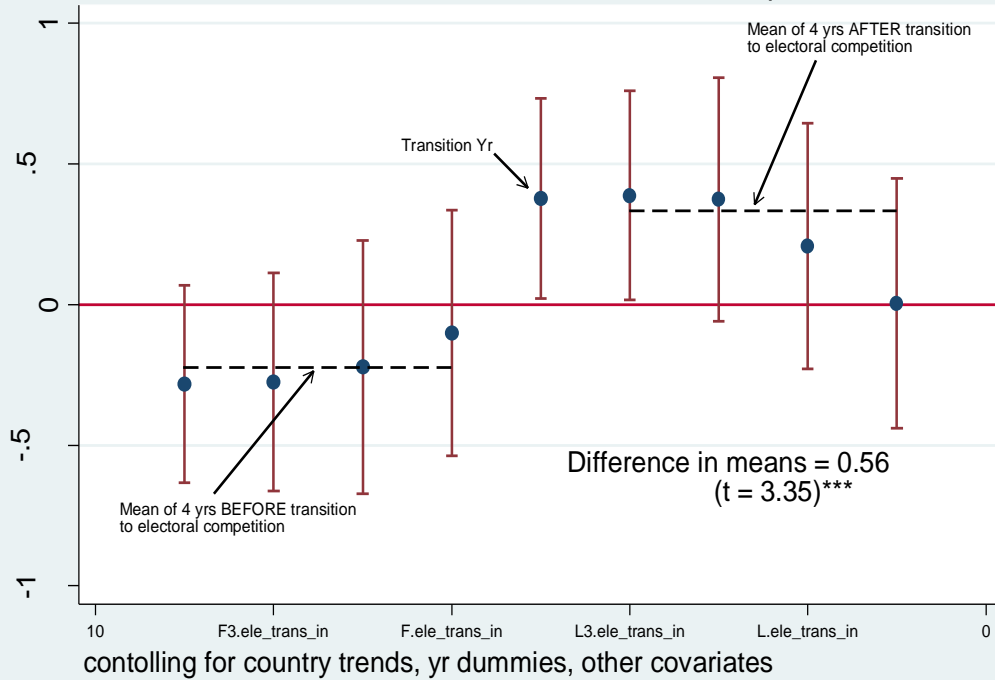
Party Competition

- Politicians compete for majorities
- >70% of people live in rural areas
- Results in change in public policies
 - Change in food pricing policy
 - End of over-valuation
- Results in improved agricultural performance

Agricultural TFP Growth Profile for Country-Years With and Without Electoral Competition



Agricultural TFP Growth (conditional mean) Before & After Transition to Electoral Competition



Statistical Analysis

1. Can reject the hypothesis that change in policies did not contribute to the rise in agricultural TFP

Or that policy reform was not related to institutional reform

2. Explored – and rejected – alternative causal factors:

Conflict

IMF conditionality

Country specific factors; temporal shocks.

So conclude: In Africa

Differences (or changes) in institutions



Have led to changes in public policies



Which have shape the performance of food
producers