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STATES AND POLITICAL INTERVENTION IN MARKETS:  
A CASE STUDY FROM AFRICA\*

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ABSTRACT

The paper describes agricultural policies in Africa and seeks to account for them.

Agricultural policy is defined as that set of decisions and choices by governments which influence the prices farmers face in the markets which determine the real value of their incomes. These include the markets for the commodities produced by farmers, the goods which they employ in farming, and the goods which they buy from urban industry.

The pattern of government intervention is highly adverse to the interests of most farmers. Governments lower the prices of farm products and adopt policies which raise the prices of commodities produced by urban industry. While they tend to subsidize the prices of farm inputs, the benefits of this policy are consumed by the privileged few.

The paper explores three explanations for the pattern of public policy. One treats the state as an agency for maximizing the welfare of society and sees policy choices as decisions made out of a regard for what is socially best. The second treats the government as an agency which responds to private interests and regards public policy as an outcome of lobbying efforts by groups seeking favorable decisions by governments. The third treats the government as an agency which seeks to retain political power and interprets policy as an instrument utilized by those who seek to control the behavior of their populations.

Each approach is shown to explain some but not all aspects of government policies toward farming in Africa. And of the three, the first is shown to be least satisfactory.

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## INTRODUCTION

In no other field of economics is government intervention so freely prescribed as in the field of development economics. And yet, speaking from the vantage point of political science, few fields in economics offer less insight into politics. Indeed, with but a few exceptions, development economists appear self-consciously to forswear entering the political thicket. Their professional interests, it would seem, require that they avoid explicit political analysis. They instead leave the political analysis of development problems to their colleagues in economic history or to informal discussions where the pathologies of governments are recounted with amused incredulity.

This paper seeks to span a portion of the gap between political science and economics by examining a case study of market intervention in the developing areas. It focuses on the nature and form of government intervention in agricultural markets in Africa. It begins with an overview of agricultural policy in Africa. And it then seeks to explain the characteristic patterns which are observed.

## PATTERNS OF INTERVENTION: AN OVERVIEW

For purposes of this analysis, we define agricultural policy as that set of decisions and actions by governments which influence the incomes of rural producers by attempting to alter the prices they confront in major markets. Farmers derive their revenues from the sales they make in the markets for agricultural products. Their

profits are a function of these revenues but also of the costs incurred in a second major market: the market for factors of production. And the real value of these profits, and thus the real value of their incomes, is determined by the prices which they must pay in a last major market: the market for consumer items and, in particular, the market for goods manufactured in the city. The analysis of agricultural policy, then, involves an examination of the nature and form of government intervention in the markets for agricultural commodities, for inputs into farming, and for the goods which farmers buy from the urban-industrial sector.

A review of agricultural policies in tropical Africa suggests that they conform to a pattern common to that in most developing areas. Governments intervene so as to depress the prices of agricultural products. They intervene so as to increase the prices which must be paid for manufactured items. And while they subsidize the costs of farm inputs -- fertilizers, machinery, capital, land, and so on -- these subsidies tend to go to a small number of large-scale farmers. Agricultural policies tend to be adverse to the economic interests of most farmers.

## Markets For Products

With some violence to the facts, the marketed products of African farmers can be classified into two kinds: cash crops largely destined for export and food crops destined for domestic consumption. In the case of both products, governments adopt policies which attempt to depress prices.

Cash Crops. Cash crops include the beverage crops: coffee, tea and cocoa. They include crops which yield vegetable oils: palm oil, palm kernel oil, cotton seeds and groundnuts. They also include such fibres as sisal and cotton.

Most governments in Africa maintain publicly sanctioned monopsonies for the purchase and marketing of these crops. While the existence of international boundaries and the frequent absence of border controls allow some farmers to evade the exactions of their own national agency, the best most farmers can often do is to sell their crops to the monopsony run by an adjacent government. By one estimate, at the time of independence, government marketing agencies handled 90 percent of the exports of palm kernels, 80 percent of the exports of coffee, 65 percent of the exports of tea, and 60 percent of the exports of raw cotton (Temu, p. 12).

Most African governments inherited these monopsonistic marketing structures from their colonial predecessors. The historical origins of these agencies differ in important respects. Some were set up by the producers themselves; this was most frequently the case in East, Central and Southern Africa. Others were erected by the colonial governments in league with private trading firms; this pattern tended to prevail in Western Africa. Whatever their origin, however, the agencies have increasingly been employed by the governments of Africa to levy revenues and foreign exchange from the producers of cash crops.

The governments use the monopsonistic power of the marketing agencies to set a domestic price. They then sell the crop on the

world market at the prevailing international price. The difference between the two prices allows the accumulation of a trading surplus. This surplus represents a tax on the agricultural producers.<sup>1</sup>

I have attempted to collect data on the level of the financial burden placed on the producers of export crops by the dual-price policy of the public marketing agencies (see Appendix). In most cases the data represent the prices offered in the domestic market expressed as a percent of the price f.o.b. at the nearest major port. In most cases, they represent the percent of the income generated by the sale of the crop in the international market which is actually secured by the producers. In either case, the table documents that the producers almost invariably received a price which lay below the world market price. In most instances, they obtained less than two-thirds the potential sales realization. And, in many cases, they received less than one half.

While it is the generally draconian nature of the dual price policy which I wish to emphasize, it is useful and important to point out as well variations within this general trend. The data is thin and statements concerning variations must at this point remain conjectural. I offer them merely as hypotheses.

One source of variation appears to derive from the historical origins of the marketing systems. In East Africa, where they were originally formed by the producers themselves in efforts to defend their economic interests, the agencies have tended to impose lower levels of taxation; in West Africa, where the agencies were formed by government and trading interests, they have tended to impose more

adverse price levels.

A second source of variation is the nature of the rival claimants for resources from agriculture. One claimant, of course, is the producer. Where production is in the hand of large-scale producers, it would then appear that governments tend to confer more favorable prices. In Kenya, for example, estate producers of coffee receive no less than 90 percent of the world market price for their crop, whereas small holders receive no more than 66 percent. In Ghana, rice production takes place on large-scale mechanized farms; producers receive a price in excess of the international price. Cocoa production, by contrast, takes place on small-scale peasant holdings; it is severely taxed.

Another claimant is the government. Faced by the imperative of securing revenues, governments impose taxes; and the greater their access to non-agricultural sources of revenue, then, all else remaining equal, the lower the taxes on farmers. In nations with major extractive industries which can produce revenues and foreign exchange, we should thus expect to see lower levels of taxation. Exemplifying this is the case of Nigeria; when the oil industry in Nigeria came "on line" in the mid-1970s, the level of domestic prices for agricultural crops rose by comparison with those in the international market.

A last major claimant is the local processing industry which employs cash crops as raw materials. Governments promote the formation of such industries as a way of increasing the share of "value added" captured by the domestic economy. To secure investments

in these industries, the governments offer prospects of low prices for agricultural products. The consequence is the depression of crop prices. For example, while the government of Nigeria altered its pricing policy, it nonetheless failed to confer increases in the level of cotton prices and virtually banned the export of groundnuts, thus keeping domestic prices well below world market prices. A major reason for these actions was the desire to protect the interests of the local textile and oil-extracting industries which sought low prices for their raw materials (see African Business, May 1979).<sup>2</sup>

Variations in the historical origins of government intervention, in the structure of agricultural production, in the nature of revenue imperative faced by governments, and in the strength of competing interests within the agricultural industry — all these influence the pricing policies of governments. Nonetheless, what should be emphasized is that the resultant variations in pricing policy take place within what from the farmers' point of view are highly disadvantageous limits. Overwhelmingly, government policy favors low prices for agricultural products.

The monopsonistic setting of prices is one form of intervention in the market for cash crops. Another is the maintenance of an overvalued currency. It is the consensus of almost everyone who studies trade policy in Africa that most governments maintain disequilibrium rates of exchange. By overvaluing their currencies, they reduce the purchasing power of those who sell in foreign markets and increase the purchasing power of those who import from them. The effect, of course, is to transfer income from the producers of cash

crops to others: the nascent industries who import capital equipment from abroad and those consumers whose incomes and tastes lead them to make major foreign purchases.

Food Crops. Governments in Africa not only intervene to depress the price of cash crops; they also intervene in attempts to secure low-priced food.

In part, they intervene by attempting directly to manipulate the price of food products. In their commercial policies, for example, they tend to guarantee the consumer the minimum of the world or domestic price; the object of this policy is to ensure that the consumer pays whichever is lower. Overvaluation of the domestic currency cheapens the price of foreign foodstuffs; and governments tend not to offer tariff protection to domestic producers so as to offset the effect of overvaluation. As a result, the lower world price tends to prevail on the urban markets; Africa has become a major importer of food. Moreover, when the world price lies above the domestic price, governments often ban the export of food items. Exports of meat from the Sudan and Kenya, of tea and dairy products from Kenya, and of maize from Zambia have, for example, been terminated from time to time to prevent domestic shortages. The effect, of course, is to prevent the domestic price from rising to the world price, thus preserving the lower local price for the domestic consumer.

Governments also attempt directly to administer prices in food markets. Many attempt to establish price controls; the floggings of persons failing to abide by government prices under Rawling's regime

in Ghana is but a vivid, if pathological, illustration of a common policy commitment. Some governments attempt to secure low cost food through the establishment of monopsonistic marketing channels. In Kenya, Tanzania, and Zambia, and throughout the Sahelian countries, public agencies are empowered to operate as the sole legal purchasers of staple food crops. Through elaborate controls over the movement, storage and marketing of the crops, they seek to depress the prices paid to farmers and thereby secure low cost food.<sup>3</sup> Governments also seek low food prices through the conferral of subsidies; government subventions to millers, for example, help to keep down the price of bread in Nigeria, Zambia, and Tanzania.

Within these general trends, there are again important sources of variation. The degree to which governments attempt to depress the price of food crops in order to lower prices to the urban consumer is a function of their ability to transfer the costs to other segments of the population. When there is a major extractive industry, for example, governments can more easily undertake such subsidies. This was the case in Zambia, where copper revenues were used to subsidize millers who in turn were required to market flour at low official prices; the fall of copper prices in the 1970s led to a cutback in the subsidies and a rise of urban food prices. In other cases, it is export agriculture that assumes the fiscal burden; the takeover of the Sierra Leone Rice Corporation, with its heavy commitments to the importation and subsidization of the domestic price of rice, by the Sierra Leone Marketing Board, which raises its revenues from the export of cash crops, represents a direct effort to employ resources

levied from the producers of export crops to subsidize the urban consumer of food crops. In other cases, foreign donors pick up the bill; in the later 1970s, this pattern prevailed throughout the Sahel. Elsewhere, governments lack sources of revenues by which to finance low-cost urban food and they are far less able to employ subsidies as a policy instrument.

Lastly, it should be noted that different crops offer different potentials for the use of government marketing agencies as a means of establishing lower product prices. In particular, it is obvious that attempts directly to manage the marketing of foodstuffs in order to reduce prices are far less effective than government attempts to manage the export of cash crops. In countries with food crop monopsonies, as much as 90 percent of the crop, by some estimates, moves outside of marketing channels. Several major variables appear to determine the relative efficacy of this policy instrument. The number of consumers of cash crops is limited: they must have access to foreign markets or to expensive processing equipment. Moreover, the crops must move through well-defined spatial locations: ports and harbors, for example. Lastly, they are often grown in ecologically specialized zones. Food crops, by contrast, can be grown by all farmers. They need not move through particular sites. And they place no particular restrictions on consumers; they can be bought and processed by almost anyone. As a consequence of these characteristics, it is simply far easier for governments to police and control the marketing of cash crops and thereby impose lower product prices.

#### Markets for Inputs

Through a variety of means, then, governments attempt directly to depress the price of goods produced by farmers. Particularly in the case of food crops, however, the results are unsatisfactory. The nature of the market in these crops make it easy for attempts at regulation to be evaded. The use of commercial policy, moreover, runs counter to the need to conserve and to earn foreign exchange. Governments therefore try other methods. Rather than directly manipulating prices, they manipulate supplies and thereby seek to lower prices.

One way is by directly entering food production. In many of the nations of Africa, government agencies produce food. In some countries, special units of the Ministry of Agriculture engage in food production. In many, irrigation authorities grow and market food. In others, units of the governing political party or its youth brigades staff government farms. In still others, efforts are lodged in special public agencies: those in charge of mechanization, water management, river basin development, or the promotion of designated crops. In at least one case, the department of prisons is used to grow food. African governments have thus become major food producers.

In addition to themselves growing food, governments attempt to promote private production. They do so not by offering higher prices for products but rather by attempting to lower the costs of production. While taxing farmers in the market for products, they subsidize them in the market for farm inputs.

Attempts to lower input prices take various forms. Governments provide subsidies for seeds and fertilizers, the level of the last running from 30 to 80 percent (30 percent in Kenya and 80 percent in Nigeria). They provide tractor hire services at subsidized rates, up to 50 percent of the real costs in Ghana in the mid-1970s (Stryker, Kline et al.). They provide loans at subsidized rates of interest for the purchase and rental of inputs. And they provide highly favorable tax treatment for major investors in commercial farming ventures (see, for example, Ekhomu). Moreover, through their power over property rights, African governments have released increased amounts of land and water to commercial farmers at costs that lie below the value they would generate in alternative uses. The diversion of land to large-scale farmers and of water to private tenants on government irrigation schemes, without the payment of compensation to those who employed these resources in subsistence farming, pastoral production, fishing or other ventures represents the conferring of a subsidy upon the commercial farmer -- and one that is paid by the expense of the small-scale, traditional producer. This process has been documented in Northern Ghana (United States Agency in International Development, 1975; West Africa, April 3, 1978); Nigeria (Ekhomu; Girdner and Olorunsula); Kenya (Njonjo); Ethiopia (Cohen and Weintraub) and Senegal (Cruise O'Brien). It was, of course, common in settler Africa as well.

In the case of land and water, then, a major effect of government intervention in the market for inputs is to augment the fortunes of large-scale farmers at the expense of small-scale farmers.

To some degree, this is true of programs in support of chemical and mechanized inputs as well.<sup>4</sup> Even where there is no direct redistribution, however, it is clear that government programs which seek to increase food production by reducing the costs of farming reach but a small segment of the farming population: the large farmers. In part, this is by plan: the programs are aimed at the "progressive farmers" who will "make best use of them." In part, it is because the large farmers share a common social background with those who staff the public services; the public servants therefore aim their programs and services at those with whom they feel they can work most congenially and productively (see Leonard and Van Velsen). And, in part, it is because the favoring of the large farmer is politically productive. I will elaborate this argument below.

#### Markets for Manufactured Items

While subsidizing the cost of farm inputs, most African governments pursue policies designed to lower the price of agricultural products. By contrast, in their policies toward industry and manufacturing, they follow policies whose effect is to raise the price of goods.

In promoting industrial development, governments adopt commercial policies which shelter local industries from foreign competition. To some degree, they impose tariff barriers between the local and international markets. To an even greater extent, they employ quantitative restrictions. Quotas, import licenses, and permits to acquire and use foreign exchange: all are employed to

conserve foreign exchange on the one hand while, on the other, protecting the domestic market for local industries. In connection with the maintenance of overvalued currencies, the trade barriers create incentives for investors to import capital equipment from abroad and to manufacture goods domestically which formerly had been imported from abroad (Stryker; Pearson et al.; ILO; and IBRD, 1975 and 1978).

Not only do government policies shelter industries from low cost foreign competition; they shelter them from domestic competition as well. In part, protection from domestic competition is a by-product of protection from foreign competition. The policy of allocating licenses to import in conformity with historic market shares provides an example of such a measure. The limitation of competition results from other policies as well. In exchange for commitments to invest, governments guarantee periods of freedom from competition. Moreover, governments tend to favor large projects; seeking infusions of scarce capital, they tend to back those proposals which promise the largest capital investments. Given the small markets typical of most African nations, the result is that investors create plants whose output represent a very large fraction of the domestic market; a small number of firms thus come to dominate the industry. Lastly, particularly where state enterprises are concerned, governments sometimes confer virtual monopoly rights upon particular enterprises. The consequence of all these measures is to shelter industries from domestic competition.

One result is that inefficient firms survive. Estimates of the use of industrial capacity range as low as one-fifth the single shift capacity of installed plant (state enterprises in Ghana in 1966; Killick p. 171). Another consequence is that prices rise. Protected from foreign competition and operating in oligopolistic or monopolistic settings, firms are able to charge prices which enable them to survive despite operating at very high levels of cost.

#### GOVERNMENTS AS PURPOSIVE ACTORS

We have defined agricultural policies as those decisions and actions by governments that attempt to alter prices in markets which determine the real incomes of farmers. Governments intervene in the market for products in an effort to lower prices. They adopt policies which tend to raise the price of the goods which farmers buy. And while they attempt to lower the costs of farm inputs, the benefits of this policy are experienced by very few farmers. Agricultural policies in Africa thus tend to be adverse to the interests of most producers.

Studies in other areas suggest that this configuration of pricing decisions is common in the developing nations. (Krishna; United States Government Accounting Office; Gotsch and Brown; Griffin; Lipton.) Indeed, it is argued by some that the principal problems bedeviling agriculture in the developing areas originate from bad public policies. In the words of Schultz, given the right incentives, farmers in the developing world would "turn sand into gold" (Schultz, 1975, p. 5). Distortions introduced into agricultural markets by governments, he contends, furnish the most important reasons for their

failure to do so (Schultz, 1978). While Schultz's position is perhaps an extreme one, it nonetheless underscores the importance of understanding why third world governments select the characteristic pattern of agricultural policies. In the sections which remain, I will advance several explanations for their choices.

I begin with an account that rests on the proposition that governments are agencies whose task is to secure the best interests of their societies. According to this position, policy choices are derived from a consideration of the national welfare. The choices of third world governments, in particular, reflect a determination to secure development; and, in the context of how this is understood, development implies supplanting agriculture with industry.

Such an explanation has much to recommend it. For virtually all the governments of Africa seek industrial development. Most seek to create the social and economic infrastructure necessary for industrial growth and many are committed to the completion of major industrial and manufacturing projects. To fulfill their plans, governments need revenues; they also need foreign exchange. In most of the African nations, agriculture represents the single largest sector in the domestic economy; and in many it represents the principal source of foreign exchange. It is therefore natural that in seeking to fulfill their objectives for their societies, the governments of Africa should intervene in markets in an effort to set prices in a way that transfers resources from agriculture to the "industrializing" sectors of the economy: the state itself and the urban industrial and manufacturing firms.

An explanation based on the development objectives of African regimes is thus consistent with the choices made in the markets for export goods. It is also consistent with other well-known facts. The policy choices which have been made are, for example, in keeping with the prescriptions propounded in leading development theories. According to these theories, to secure higher levels of per capita income, nations should move from the production of primary products to the production of manufactured goods. Savings take place out of the profits of industry and not out of the earnings of farmers. Resources should therefore be levied from agriculture and channeled into industrial development. And agriculture in the developing areas, it is held, can surrender revenues without significant declines in production. These were, and remain today, critical assertions in development doctrine. Many policymakers in Africa were trained under development specialists; and important advocates of these arguments served as consultants to the development ministries of the new African states. It is therefore credible to account for the policy choices made by African governments — ones which systematically bias the structure of prices against agriculture and in favor of industry — as choices made in accordance with prescriptions of how best to secure the welfare of people in poor societies. The states can thus be viewed as agencies for maximizing the social welfare and their policies as choices made in conformity with notions as to what is socially best.

Such an approach ultimately proves unsatisfactory, however, and for several reasons. First of all, it is incomplete. For, to

secure social objectives, governments can choose among a variety of instruments. And the underlying objectives of a program often do not resolve which technique is chosen to secure its implementation.

For example, an important objective of African governments is to increase food supplies. To secure greater supplies, they could offer higher prices for food or invest the same amount of resources in food production projects. There is every reason to believe that the former is a more efficient way of securing the objective. But governments in Africa systematically prefer project based policies to price based policies.

To strengthen the incentives for food production, African governments can increase the price of farm products or subsidize the costs of farm implements. Either would result in higher profits for producers. But governments prefer the latter policy.

To increase output, African governments finance production programs. But given the level of resources devoted to these programs, they often create too many projects; the programs then fail because resources have been spread too thin. Such behavior is nonsensical, given the social objectives of the program.

To take a last example: In the face of shortages, governments can either allow prices to rise or they can maintain lower prices while imposing quotas. In a variety of markets of significance to agricultural producers, African governments chose to ration. They exhibit a systematic preference for the use of this technique -- a preference that can not be accounted for in terms of their development objectives.

A major problem with an approach which tries to explain agricultural policies in terms of the social objectives of governments, then, is that the objectives rarely determine the particular form which the policies assume. There is a second major difficulty. Given the objectives underlying agricultural policies, the policy choices are often self-defeating. Nonetheless, they are made and sustained by governments.

To secure cheaper food, for example, governments lower prices to producers; but this only creates shortages which lead to higher food prices. To increase resources with which to finance programs of development, governments increase agricultural taxes; but this leads to declines in production and to shortfalls in public finances and foreign exchange. The policy instruments chosen are thus inconsistent with their stated objectives. One possible conclusion is that the objectives do not explain the policies. Another is that the objectives lead to choices of policies which hindsight reveals to be inappropriate; and what is then needed is an approach that helps to explain why policy choices remain stable despite the fact that they generate adverse consequences.

There is a last and more general problem. The approach rests on the assumption that the state seeks to maximize the social welfare of its people; the welfare-maximizing program for poor societies, it is held, is one of industrialization. Even accepting this to be true, one can still question whether this objective accounts for the choice of policies. For it can strongly be argued that rather than promoting industrialization, these policies have in fact retarded it.

Moreover, it can strongly be argued that even were they promoting industrialization, the policies do so at the cost of enormous inefficiencies and that they are therefore not consistent with welfare maximization. The inefficiencies are indeed major; they arise in the form of welfare losses due to distortions in prices and to the wholesale creation of non-competitive rents. The prevalence and pervasiveness of such inefficiencies thus calls into question the validity of this form of analysis.

#### GOVERNMENTS AS RESPONDENTS TO POLITICAL DEMANDS

The first approach thus views the state as an agency for attaining social purposes and explains agricultural policies as choices made in an effort to secure the public welfare. An alternative approach would view public policy as the outcome of political pressures exerted by members of society who seek the satisfaction of their private interests from political action. Particularly with respect to food crops, this approach is useful in explaining the configuration of relative prices which governments seek to attain. As we have seen, governments seek to impose low prices for food; they also intervene in ways that increase the price of manufactured items. This behavior is consistent with what would result from a political process that involves lobbying to influence the setting of relative prices.

This argument is based on several key assumptions. One is that people specialize in production but "generalize" in consumption, i.e., while they derive the vast bulk of their incomes from the

production of a particular good, they spend their incomes widely on a variety of commodities, devoting only a portion to the consumption of each. For purposes of exposition, call the percentage of income which the representative consumer spends on "i"  $\alpha_i$ . Each good can then be characterized by its  $\alpha$ -weight. Another assumption is that specialization has proceeded much further in the industrial and manufacturing sectors than it has in agriculture. In the industrial sector, firms produce such items as flashlights batteries, bicycle tires, or enamel ware. In agriculture, by contrast, firms tend to produce a wide range of commodities. Farmers tend to grow the full range of food crops necessary for their own subsistence and to market what they do not consume; they thus produce a fairly undifferentiated product which we will call "food." A third assumption is that people are poor. As a consequence, they tend to spend a high proportion of their incomes on food -- in the range of 60 percent in Africa, according to most surveys (see Kaneda and Johnston). Food, in other words, has a very high  $\alpha$ -weight. The last assumption is that governments have policy instruments at their command -- tariffs, price controls, licensing powers, etc. -- by which to influence prices and that in doing so they respond to numbers, in the sense that the broader the coalition that demands price intervention, the larger the increase which the government will confer.

Making these (and other) assumptions, it can be shown that if people seek to maximize the value of their real incomes in this simply styled political economy, then an equilibrium coalition will form. The coalition will contain some but not all members of the society.

In particular, it will contain those industries which produce goods with small  $\alpha$ -weights. The greater the  $\alpha$ -weight of a commodity, the less the likelihood that the makers of the commodity will be a member of the coalition. Agriculture, in short, is likely to fall outside of the coalition and to have prices set against it in a way that redistributes income to the coalition members (see Bates and Rogerson).

The process that drives this result can be easily portrayed. If a person derives his/her income from the making of a good, then that person will favor higher prices for that good; specializing in production and generalizing in consumption, the benefits of the price rise on his/her income will more than offset the losses sustained from having to pay higher prices for the commodity. If governments respond more favorably to demands from groups than to demands from single industries, then there are benefits to be derived from forming coalitions. And people who make goods with small  $\alpha$ -weights will secure them. For the gains in income resulting from the increased price of the goods they make will more than offset the losses that result from the higher prices they now have to pay for their own goods and for the goods of their coalitional partners; they spend but a small portion of their income on these commodities. In the search for partners with whom to combine in petitions for price rises, however, food producers are relatively unattractive partners. For consumers spend a high proportion of their incomes on food; an increase in food prices has a larger effect on real incomes than would a similar increase in the price of commodities which possess smaller  $\alpha$ -

weights. In the search for partners with whom to join in price setting coalitions, then, persons do better combining with the makers of other commodities. Food producers therefore find themselves outside of the policymaking, price setting coalition.<sup>5</sup>

This model strongly underscores the importance of several further "facts" which are known to be true. General strikes are fairly common in Africa -- something which has surprised most scholars, given social theory's tendency to relate the militancy of labor to the level of "maturity" of the industrial sector. Protests by one group are often supported by actions on the part of others. This is in keeping with our model. Moreover, on the one hand, workers demand policies that increase prices -- e.g., by sheltering their industries from foreign competition -- and on the other demand policies that lower prices -- e.g., by intervening in the markets for food. This also is in keeping with our model. Thirdly, in Africa, governments are besieged by urban interests concerned with the real value of their incomes. The colonial powers were driven from West Africa by nationalist movements organized in large part around anti-inflation campaigns. And the Tolbert regime in Liberia was recently overthrown in large part as a consequence of increasing the price of rice. Sadat nearly fell following the removal of subsidies to urban consumers. Some of the strongest challengers to Kaunda in Zambia and Moi in Kenya have come after precipitate rises in the cost of food in urban market centers. Policy in agriculture is formulated in an effort to seek means of appeasing urban forces concerned with protecting the real value of their incomes. This is historically

true. And, once again, it is what we should expect, given the dynamics captured in the model.

It should be noted that the approach accounts not only for the disadvantaged position of agriculture in the developing countries but also for the changing position of agriculture at higher levels of development. One index of development is higher per capita income; by Engel's law, with higher incomes, the percent of incomes spent on food declines. Moreover, with development, specialization increases; farms no longer produce food for subsistence purposes, but rather specialize in the production of particular crops. The results of these alterations in consumption and production is to lower the  $\alpha$ -weight of farm products. Producers of food now become viable members of policymaking coalitions. Indeed, with development, agriculture tends to evolve from an industry which is excluded from price setting coalitions to one that is a member of them. In developed countries, government induced price distortions tend to favor farmers (see Hayami; Schultz 1978).

There is, of course, another set of factors at work. A price in a market is a public good. If one producer secures a government policy which sets a favorable price, all other producers can enjoy the benefits of that policy for free. It is therefore difficult to organize collective action in support of price setting measures. The magnitude of the difficulties varies, however, with the structure of the industry. And structural factors tend to conspire against the political efficacy of agriculture.

Where there is but one producer, then, of course, there is no incentive to free ride. And where there are but a few producers, and where each producer markets a fairly high proportion of the industry's output, then the private returns to each producer from an increase in price may more than offset the costs of lobbying. Again, the incentives to free ride are weakened. But where there are numerous producers, each generating but a small proportion of the total output, then the incentives for collective action are weak. The benefits of a change in price to each producer are small; and, lacking any easy means to apportion the costs of a lobbying effort, the benefits may be exceeded by the costs of providing the change in pricing policy. As in any case each producer would do best reaping the benefits of the change for free, the incentives not to contribute to the costs of lobbying are strong.

In addition, industries with a large number of small firms are simply very costly to organize. This is especially true where the firms are widely scattered. The costs of communicating and coordinating rise with the number of producers and their dispersion. Moreover, as the number of firms increases and the size of their output relative to total production of the industry declines, then the costs of policing price agreements rise. An individual farmer, for example, could increase his profits by undercutting the market price and his behavior would have little impact on prevailing market prices. Were, however, a member of, say, the cement industry in Kenya to undercut prices in an effort to increase sales, its behavior would soon show up in the overall level of market prices. Publicly

sanctioned agreements in support of higher prices thus are more costly to organize, to police, and thus to sustain in relatively atomistic industries.

The implications of this argument are clear. Differences in the structure of production between the agricultural and manufacturing sectors of Africa systematically favor lobbying efforts by manufacturing. In most nations and for most crops, production is undertaken by a multitude of small scale, village farmers. The farmers are widely dispersed. By contrast, as we have seen, government policy favors high levels of concentration in manufacturing and industry; and firms tend to be located in highly concentrated urban locations. For members of the agricultural industry, then, the characteristics of their industry is such that the incentives to organize to secure advantageous market prices are far weaker than for members of the manufacturing sector.

In this section, we have examined the factors that underly the demands for government intervention to set prices in markets. We have seen how economic incentives can yield a pattern of demands that favor manufacturing over agriculture. And we have seen as well how factors that determine the level of politically effective demands — i.e., demands that are championed by organized interests — reinforce this tendency. An approach that views agricultural policy not as a realization of social goals by a centralized planning agency but rather as an outcome of a competitive political process thus explains some of the characteristics of the policies which the alternative fails to account for: the use of "negative" pricing policies, for

example, and the use of policies which impose major efficiency losses.

Nonetheless, this analysis too is incomplete. While it accounts for the depression of the relative price of food products, it fails to account for the subsidization of inputs; that agriculture is both subsidized and taxed remains unexplained. It also fails to explain why some farmers are privileged, even while the incomes of others are uniformly depressed as a result of public policy. Lastly, it fails to explain the strong preference of governments for project based strategies and why, when given a choice, governments appear to prefer to ration shortages rather than allocate goods through the market. To explain these features of agricultural policies in Africa, a third approach is needed: one that looks at agricultural programs as part of a repertoire of devices employed by African governments in their efforts to secure political control over their populations and thus to remain in power.

#### MARKET INTERVENTION AND POLITICAL CONTROL

Governments in Africa, like governments everywhere, seek to retain political power. They shape and structure their policy programs so as to satisfy political claimants and nullify the political opposition. These tendencies have already been observed in the choices made with respect to agricultural prices: attempts to lower food prices are, of course, efforts to appease organized urban interests. They can also be observed in other features of agricultural policy: the tendency to confer divisible as opposed to general benefits and to render the inefficiencies associated with

disequilibrium prices a basis for political organization.

#### Divisible Benefits

We have already seen that adopting policies in support of higher prices for agricultural commodities would be politically costly to African governments. What is important is that such a stance would generate few political benefits as well. For, as we have noted, a price in a market is a public good. From a political point of view, conferring higher prices therefore holds few attractions for politicians for the benefits of the measure can be enjoyed by opponents and supporters alike. The benefits can not be restricted exclusively to the faithful and withheld from the politically disloyal. Pricing policies therefore can not be employed by politicians to organize political followings.

Project based policies, however, suffer less from this liability. Officials can exercise discretion in locating projects; they can also exercise discretion in staffing them. Such discretion allows them to selectively bestow benefits upon those whose political support they desire.

The relative political utility of projects explains several otherwise puzzling features of agricultural programs. One is the tendency to construct too many projects, given the budgetary resources available. A reason for this proliferation is that governments often wish to ensure that officials in each administrative district or electoral constituency have access to resources with which to secure a political backing (see, for example, Wells and Dadson). Another

tendency is to hire too great a staff or a staff that is technically untrained, thus undercutting the viability of the projects. A reason for this is that jobs on projects — and jobs in many of the bureaucracies involved with agricultural programs, for that matter — represent political plums, ones given by those in charge of the programs to their political followers. State farms in Ghana were staffed by the youth brigade of the ruling Convention Peoples' Party and the cooperative societies in Zambia were formed and operated by the local and constituency-level units of the governing party, to offer but two examples of the link between staffing and political organization. A last tendency is to have projects that are privately profitable but socially wasteful. Again and again, from an economic point of view, agricultural projects fail; they often fail to generate earnings that cover their costs or, when they do so, they often fail to generate a rate of return comparable to that obtainable through alternative uses of government funds. Nonetheless, public agencies revive and reimplement such projects. A major reason is that public officials are frequently less concerned with using public resources in a way that is economically efficient than they are with using them in a way that is politically expedient. If a project fails to generate an adequate return on the public investment, but nonetheless is privately rewarding for those who build it, provision it, staff it, or hold tenancies in it, then political officials may nonetheless support it. For it will serve as a source of rewards for their followers and as an instrument for building a rural political constituency.

### Divisibility and Divide and Rule

We have seen that government policies are often aimed at establishing low prices for agricultural products. Particularly in the market for cash crops, governments maintain monopsonistic agencies and use their market power to lower product prices. They therefore impose deprivations on all producers. What is interesting, however, is that they return a portion of the resources which they thus exact to selected members of the farm community. Some of the earnings taxed from farmers are returned in the form of subsidies for farm inputs and these are given to a privileged few. While imposing collective deprivations, governments thus confer selective benefits. The benefits serve as "side payments": they compensate selected members of the rural sector for the losses they sustain as a consequence of the governments' programs. They thereby make it in the private interests of particular members of the rural sector to abide by policies which are harmful to rural dwellers as a whole. By so doing, they secure the defection of favored farmers from a potential rural opposition and their adherence to the governing coalition which implements agricultural programs which are harmful to the majority of producers.

We have already noted that agricultural producers are both subsidized and taxed. What is of concern at this point is the use of subsidized programs for political purposes. In Northern Ghana in the late 1970s, for example, subsidized credit was given to large-scale, mechanized producers who were close allies of the ruling military government. In Senegal, the rural base of the governing party is dominated by the Mourides, a religious sect that earns much of its

income from the production of groundnuts; its adherence to the government in power, and to the government's pricing policies, is in large part secured by the conferral upon its leaders of massive amounts of subsidized credit, land, machinery, and other farm inputs (Cruise O'Brien). In Zambia, access to subsidized inputs could best be obtained by most rural dwellers by membership in agricultural cooperative societies. The societies were formed by local units of the governing party and are now dominated by them; access to inputs is therefore contingent upon political loyalty. The rural loans program, moreover, was run and staffed at the local level by former party "militants" who helped to insure that the "fruits of independence" were given to those who contributed to the cause of the party in power. In Ghana, to cite one last example, the collective resistance of cocoa producers to low cocoa prices in the 1950s was broken in part by the "secret weapon" of the Convention Peoples' Party, the notorious United Ghana Farmers' Council. By distributing gammalin, cutlasses and other farm inputs to those who would support the government and its policies, and by restricting access to credit to the political faithful, the Farmers' Council helped to break the resistance of the farming population to the government and its agricultural programs (Ghana, 1956, 1967).

It should be noted, incidently, that the bestowal of privileged access to farm inputs was a technique employed as well by the colonial governments. And the exchange of political loyalty for access to these inputs was widely recognized to be a part of the bargain. In Northern and Southern Rhodesia, for example, the colonial

governments used revenues secured by their monopsonistic maize marketing agency to subsidize the costs of inputs which they then lavished upon a relatively small number of so-called "improved" or "progressive" farmers. The nationalist movements presciently labeled these farmers "stooges" of the colonial regimes. They saw that the apportionment of the inputs had been employed to separate the interests of these privileged farmers from the interests of the mass of rural producers and to detach their political loyalties from those of their fellow Africans.

Conferring selective benefits in the markets for farm inputs on the one hand, while imposing collective deprivations in the markets for products on the other, governments thereby secure the deference of a privileged few to programs which are harmful to the interests of most farmers. By politicizing their farm programs and making access to their benefits contingent upon political loyalty, the governments secure acquiescence to those in power and compliance with their policies. The political efficacy of these measures is underscored by the fact that they are targeted on the larger producers: those who have the most to gain from a change in pricing policy and who might otherwise provide the "natural leadership" for efforts on the part of farmers to alter the agricultural policies of their governments.

#### The Political Use of Economic Inefficiency

As part of their development programs, African governments intervene in markets in efforts to alter prices. At least in the short run market intervention establishes disequilibrium prices. These, in turn, generate rents. The existence of such rents has been analyzed by Krueger, Posner and others. The prevailing tendency has been to regard these rents as pure social costs — inefficiencies induced by the political distortion of market forces. What has not been stressed is that the rents also represent political resources -- resources which can be used to organize political support and to perpetuate governments in power.

Such rents arise in the markets for agricultural products. Public monopsonies depress the price of commodities below the world market price and below the price that would prevail were competition permitted. To those in charge of the bureaucracy that administers the market accrue the non-competitive rents. On the one hand, they can consume the rent themselves; corruption is a widely recognized feature of the operation of these agencies. On the other, they can ration access to these rents; they can thereby grant favors and build a political following.

In this way market intervention becomes a basis for building political machines. Those in charge of the market can bestow the right of entry upon potential political loyalists; such persons will then come to owe their special fortunes to the favor of those in charge. Members of the Cocoa Marketing Board of Ghana, for example, frequently allowed private trading on the part of persons whose

political backing they wished to secure. Such persons came from the very highest levels of the Ghanaian government. And in Kenya those in charge of policing the coffee market conspired with the politically influential to evade the government mandated price for that commodity. In the Kenyan maize market, moreover, the issuance of movement permits by the director of the Maize and Produce Marketing Board was used to create an indebted and loyal political following (Kenya). Granting access to a market where the price of commodities has been artificially lowered as a matter of government policy thus becomes a valuable instrument in the accumulation of political influence.

Disequilibrium product prices also facilitate political control by yielding the capacity to disorganize those most hurt by the measure: the farmers themselves. For a portion of the gains, the bureaucrat in charge of the market can turn a blind eye while farmers make sales at market-clearing prices. The structure of regulation vests legal powers in the bureaucrats; the farmers have no right to make such sales. Only by securing an individual exception to the general rule can the farmer gain access to the market-clearing price. Within the framework established by marketing policy, the farmers thus do best by securing individual exceptions. The capacity for discretion therefore allows the bureaucrat to separate the individual interests of particular producers from the interests of their class, and collective organization on the part of rural producers becomes more difficult to organize. In addition, the structure of regulations creates for the government essential elements of political power. By allowing exceptions to the rules, the bureaucracy grants favors; by

threatening to enforce the rules, it threatens sanctions. Market regulations thus become a source of political control, and this, in a sense, is most true when they are in the process of being breached.

Governments establish disequilibrium prices in the markets for inputs as well; the result, once again, is the enhancement of their capacity for political control. When they lower the price of inputs, private sources furnish lesser quantities, users demand greater quantities, and the result is excess demand. One consequence is that the inputs acquire new value; the administratively created shortage creates an economic premium for those who acquire them. Another is that, at the mandated price, the market can not allocate the inputs; they are in short supply. Rather than being allocated through a pricing system, they must be rationed. Those in charge of the regulated market thereby acquire the capacity to exercise discretion and to confer the resources upon those whose favor they desire.

It is these dynamics which render farm input programs so potent a source of political patronage. On occasion, governments place political "heavy weights" in charge of these programs. The result often is that the elite level figures then consume the rental premium; they sell the inputs at the price they can command in the market. By allowing the corruption of farm programs, the governments thus secure the fealty of potent political figures. In other cases, governments forbid such corruption and instead allocate the inputs at their officially mandated prices. The result then is the securing of political loyalty from lower level political figures -- the intended clients and beneficiaries of the subsidy program. For it is they who

then secure the rental premium.<sup>6</sup> Moreover, because of excess demand, those who distribute the inputs can make demonstrations of political loyalty a prerequisite for their allocation. Thus it is that public programs which distribute farm credit, tractor-hire services, seeds, and fertilizers, and which bestow access to government managed irrigation schemes and public lands, become instruments of political organization in the countryside of Africa.

Regulated markets thus serve as political instruments. I recall an interview I held in 1978 with one rich cocoa farmer in Ghana. I asked him why he did not try to organize political support among his colleagues for a rise in product prices. He went to his strongbox and produced a packet of documents: licenses for his vehicle, import permits for spare parts, titles to his real property and improvements, and the articles of incorporation that exempted him from a major portion of his income taxes. "If I tried to organize resistance to the government's policies on farm prices," he said while exhibiting these documents, "I would be called an enemy of the state and I would lose all these." He was a cocoa farmer and we were discussing cocoa prices. The price of Ghanaian cocoa is indeed one of the most politically sensitive topics in African agrarian politics. But in systems where producers operate in markets which, on both the side of their outputs and on the side of their inputs, are increasingly maintained and controlled by public agencies, his point was generally valid.

## CONCLUSION

In this paper, we have examined three basic approaches to understanding the content of agricultural policies in Africa. One emphasizes the role of the state as an agency for fulfilling social purposes and interprets agricultural policies as choices made in efforts to secure public objectives. While this approach helps to explain some of the policies — most notably, the burden imposed upon the producers of cash crops — it nonetheless exhibits major weaknesses. It is particularly deficient in explaining key features of governmental policy toward the producers of food and in accounting for the inefficiencies which characterize many features of agricultural programs. A second approach emphasizes the role of the state in aggregating political demands and interprets agricultural policies as choices made in response to the pressures of private interests. This approach helped to account for the systematic biases which characterize the structure of prices which governments attempt to establish in key markets, particularly in the market for food. But it fails to account for other characteristic distortions and, in particular, for characteristic forms of economic inefficiency. The last approach focuses on these inefficiencies. Viewing agricultural programs as political resources, it looks at the ways in which governments attempt to use markets as instruments of political control. Failing to attain their social objectives, and indeed perhaps undermining them, agricultural policies nonetheless generate political resources by which those in charge of these programs can build loyal constituencies, create political followings, and thereby

remain in power. Market intervention may create inefficiency, this approach emphasizes, but it may also generate the resources by which to govern.

There is an important addendum to this argument. A farmer who exhibits political loyalty in order to secure a subsidy in one market despite the fact that he is taxed in another does so only because he is able to remove the tax. The bulk of Africa's population consists of farmers. And movements of political opposition in Africa inevitably emphasize the plight of the rural population; given the demographics of Africa, self-interested political calculation makes this an inevitable result. Because such opposition movements are harassed and banned, the pattern of systematic bias which governments instill in the markets of interest to farmers is sustained.

The political demobilization of much of Africa plays a critical role in the arguments of this paper. I have emphasized the role of competition among interest groups rather than the role of political movements seeking national majorities. And I have emphasized well the importance of the competition for divisible benefits, rationed favors, privileged access, and individual exceptions to general rules. These characterize the politics of self-interest as opposed to the politics of collective goods. The building of political organizations about public programs that regulate major markets is a form of political organizing that comes to dominate when there is little to be gained, and perhaps lives to be lost, from attempting to organize national political majorities.

#### FOOTNOTES

1. Limitations of space prevent a fuller treatment, particularly of the changes in the forms of intervention. In brief, these changes represent a shift from an institutional form in which the trading surpluses were held "in trust" for the farmers to one in which they represent an overt tax. In part, such changes took the form of shifts in the way in which the agencies managed their funds: decreases over time in the effective loan rate which they charged their governments for borrowing funds, for example, and increases in the willingness with which they transferred the funds to their governments in the form of grants. In part, the changes took the form of alterations in the statutes governing the conduct of the boards. In Nigeria, for example, the government abrogated the legislation which constrained it to reserve 70 percent of the surplus to stabilize prices and 7 1/2 percent for agricultural research. Similar reforms also took place in Ghana. Both changes took place in conjunction with the launching of major development plans.
2. For the effects on crop prices of the pressures of local industries see the following: for the palm oil industry in Nigeria, Kilby and Usoro; for the cocoa butter and cocoa powder industries in Ghana and Nigeria, Killick and Schatz; for the sugar industry in Ghana, Killick; pineapple canning in Kenya, Swainson;

the INDECO cannery in Zambia, Baylies; the textile industry in Ivory Coast, Campbell; vegetable oil industry in Sudan, African Business (February 1980); and coffee roasting firms in Tanzania.

3. The Maize and Produce Board of Kenya was in fact established to do the opposite: to control marketing so as to enable the local price to lie above the world price. But in recent years the Board has acted to restrain price increases.

The adoption of hybrid seeds in the late 1970s led to rapid increases in maize supplies and to a fall in maize prices. With a glut market, the Board was both unable and unwilling to restrict the marketing of maize. Recent food shortages in Kenya have led to strong criticisms of maize exports and the Board is now being pressed to expedite imports so as to reduce the price of maize. Under conditions of rising prices, moreover, it is again attempting to regulate internal marketing. The Board has thus been recast as an instrument for lowering rather than increasing farm prices. For a summary of Parliamentary debates in Kenya concerning the role of the Board, see The Weekly Review, July 4, 1980.

4. In many credit programs, the collection rate for large farmers is often lower than that for small scale producers; the latter in effect subsidize the interest rate offered to the former. In Tanzania, the subsidy for fertilizer is paid from the earnings of the government monopsony; as the levies are raised from all

farmers and fertilizer employed disproportionately by the more "advanced," the subsidy program represents a transfer from small to large farmers. When cooperative societies serve as the marketing channels for produce and for inputs, studies have shown that, once again, it is the larger farmers who secure the bulk of the inputs distributed by the societies; but the deductions from crop sales that finance these services are imposed on all farmers. Once again the result is a redistribution of income.

5. The assumption that people specialize in production and generalize in consumption generates one further assumption that is critical to the results of this model: that people petition for price rises in the goods they make but do not petition against the price rises demanded by others. Given out initial assumption, people will be more affected by a rise in the price of the commodity they make than by a change in the price of any commodity which they consume; and given limited resources with which to lobby, they can better increase their real income by seeking increases in the price of their products than by opposing the price increases sought by others.

That demands for, rather than against, price increases dominate lobbying efforts is well-documented in Schattschneider's classic study of tariff making in the United States. It was also confirmed in my interviews with members of the Price and Income Board in Ghana; they emphasized that "opposition" to others' price increases took the form of demands for offsetting increases in the

prices of their own commodities.

The critical role of the assumption that people lobby for but not against price increases can be seen in the fact that without it people outside the "winning" coalition could "vote" against the allocation proposed by that coalition and the winning coalition could not form; there would be no natural tendency for the "least cost" coalition -- i.e. the coalition of persons with the lowest "α's" -- to form. This possibility in fact realized in many legislative settings where all persons vote and where they can vote for or against any proposal. As many legislation programs generate benefits for particular constituencies which are paid for by all constituencies, they generate political dynamics very similar to those studied here; but because those hurt by these programs can vote against them, such "least cost," minimal winning coalitions do not form. Rather, programs tend to become "logrolled."

6. In Zambia, one of the cooperative societies which I studied in Luapula purchased the subsidized fertilizers. It then reaped the rental premium associated with the subsidy by selling the fertilizer at market-clearing prices to the local commercial farmers.

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## APPENDIX

The following tables suggest the extent to which farmers receive the value of the crops which they produce for export. For a series of crops, the tables report the percent of the sales realization which the farmers actually receive. They also list the sources from which the information was taken.

In some cases, which I have marked 'p,' the measure is based on prices. It is the ratio of the price received by the producer to the price that prevailed on the world market. In each instance, I have used sources which employed the f.o.b. price at the major national port as a measure of the world price. In other cases, which I have marked 'i,' the measure is calculated in terms of incomes. It is then the ratio of the total value of the farmers' earnings from the sale of the crop to the reported total value realized from the sale of the crop on the international market.

<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (a)</u>	<u>SOURCE</u>
Cotton	Kenya	1970-1971	82 (i)	Clive S. Gray, 1977
		1971-1972	66 (i)	" " "
		1975-1976	48 (i)	" " "
	Sudan	1961-1962	44 (i)	ILO/UNDP, 1976
		1971-1972	49 (i)	" "
	Nigeria	1950-1951	16 (p)	Onitiri-Olatunbosun, 1974
		1951-1952	17 (p)	" " "
		1952-1953	16 (p)	" " "
		1953-1954	17 (p)	" " "
		1954-1955	20 (p)	" " "
		1955-1956	20 (p)	" " "
		1956-1957	20 (p)	" " "
		1957-1958	22 (p)	" " "

- (a) (i) Percent of income from the sale of crop obtained by producer.  
 (p) Price paid to producer as percent of international (f.o.b.) price.  
 (b) No international sales of cotton.

A-2

<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (a)</u>	<u>SOURCE</u>
Cotton	Nigeria	1958-1959	24 (p)	Onitiri-Olatunbosun, 1974
		1959-1960	28 (p)	" " "
		1960-1961	25 (p)	" " "
		1961-1962	20 (p)	" " "
		1962-1963	18 (p)	" " "
		1963-1964	19 (p)	" " "
		1964-1965	21 (p)	IBRD, 1978
		1965-1966	21 (p)	" "
		1966-1967	23 (p)	" "
		1967-1968	24 (p)	" "
		1968-1969	27 (p)	" "
		1969-1970	32 (p)	" "
		1970-1971	36 (p)	" "
		1971-1972	46 (p)	" "
		1972-1973	43 (p)	" "
		1973-1974	- (b)	" "
		1974-1975	- (b)	" "
		1975-1976	- (b)	" "
		1976-1977	95 (p)	" "

A-3

CROP	COUNTRY	YEAR	PERCENT OF		SOURCE
			SALES REALIZATION		
Cotton	Tanzania	1966-1967	65	(p)	Republic of Tanzania, 1976
		1967-1968	58	(p)	" " " "
		1968-1969	59	(p)	" " " "
		1969-1970	71	(p)	" " " "
		1970-1971	64	(p)	" " " "
		1971-1972	54	(p)	" " " "
		1972-1973	55	(p)	" " " "
		1973-1974	36	(p)	" " " "
		1974-1975	41	(p)	" " " "
	Uganda	1954	70	(i)	Vali Jamal, 1976
		1955	75	(i)	" " "
		1956	77	(i)	" " "
		1957	76	(i)	" " "
		1958	100	(i)	" " "
		1959	101	(i)	" " "
		1960	75	(i)	" " "
		1954-1960	80	(i)	" " "

A-4

CROP	COUNTRY	YEAR	PERCENT OF		SOURCE
			SALES REALIZATION (a)		
Cocoa	Nigeria	1947-1948	65	(p)	Onitiri-Olatunbosun, 1974
		1948-1949	61	(p)	" " "
		1949-1950	71	(p)	" " "
		1950-1951	63	(p)	" " "
		1951-1952	66	(p)	" " "
		1952-1953	68	(p)	" " "
		1953-1954	70	(p)	" " "
		1954-1955	49	(p)	" " "
		1955-1956	66	(p)	" " "
		1956-1957	71	(p)	" " "
		1957-1958	76	(p)	" " "
		1958-1959	48	(p)	" " "
		1959-1960	58	(p)	" " "
		1960-1961	62	(p)	" " "
		1961-1962	52	(p)	" " "
		1962-1963	59	(p)	" " "
		1963-1964	57	(p)	" " "
		1964-1965	89	(p)	" " "
		1965-1966	51	(p)	" " "
		1966-1967	45	(p)	" " "
1967-1968	43	(p)	" " "		
1968-1969	38	(p)	" " "		

A-5

(a) see note on cotton.

<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (a)</u>	<u>SOURCE</u>
Cocoa	Nigeria	1964-1965	89 (p)	IBRD, 1978
		1965-1966	39 (p)	" "
		1966-1967	46 (p)	" "
		1967-1968	38 (p)	" "
		1968-1969	34 (p)	" "
		1969-1970	45 (p)	" "
		1970-1971	50 (p)	" "
		1971-1972	62 (p)	" "
		1972-1973	58 (p)	" "
		1973-1974	50 (p)	" "
		1974-1975	63 (p)	" "
		1975-1976	72 (p)	" "
		1976-1977	66 (p)	" "

A-6

(a) see note on cotton.

<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION</u>	<u>SOURCE</u>
Cocoa	Ghana	1947	56 (p)	Bateman, 1965
		1948	38 (p)	" "
		1949	89 (p)	" "
		1950	41 (p)	" "
		1951	49 (p)	" "
		1952	61 (p)	" "
		1953	55 (p)	" "
		1954	34 (p)	" "
		1955	40 (p)	" "
		1956	67 (p)	" "
		1957	74 (p)	" "
		1958	42 (p)	" "
		1959	48 (p)	" "
		1960	51 (p)	" "
		1961	66 (p)	" "
		1962	65 (p)	" "
		1962-1963	62 (p)	Beckman, 1976
		1963-1964	57 (p)	" "
		1964-1965	60 (p)	" "

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(a) see note on cotton.

CROP	COUNTRY	YEAR	SALES REALIZATION	SOURCE
Cocoa	Ghana	1947-1948	37 (1)	Beckman, 1976
		1948-1949	90 (1)	" "
		1949-1950	46 (1)	" "
		1950-1951	49 (1)	" "
		1951-1952	61 (1)	" "
		1952-1953	56 (1)	" "
		1953-1954	38 (1)	" "
		1954-1955	38 (1)	" "
		1955-1956	65 (1)	" "
		1956-1957	78 (1)	" "
		1957-1958	44 (1)	" "
		1958-1959	48 (1)	" "
		1959-1960	51 (1)	" "
		1960-1961	68 (1)	" "
		1961-1962	60 (1)	" "
		1962-1963	62 (1)	" "
		1963-1964	55 (1)	" "

A-8

(a) see note on cotton.

CROP	COUNTRY	YEAR	PERCENT OF SALES REALIZATION	SOURCE
Coffee	Kenya, Smallholders	1970-1971	63 (p)	International Coffee Organ.1977
		1971-1972	62 (p)	" " " "
		1972-1973	62 (p)	" " " "
		1973-1974	61 (p)	" " " "
		1974-1975	63 (p)	" " " "
		1975-1976	64 (p)	" " " "
	Kenya, Estates	1970-1971	92 (p)	" " " "
		1971-1972	91 (p)	" " " "
		1972-1973	90 (p)	" " " "
		1973-1974	90 (p)	" " " "
		1974-1975	93 (p)	" " " "
		1975-1976	93 (p)	" " " "
	Tanzania <sup>(b)</sup>	1971-1972	75 (p)	" " " "
		1972-1973	69 (p)	" " " "
		1973-1974	57 (p)	" " " "
		1974-1975	66 (p)	" " " "
		1975-1976	58 (p)	" " " "
		1976-1977	46 (p)	Republic of Tanzania, 1977

(b) Price paid to small-holders as percent of auction price; mild Arabica.

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CROP	COUNTRY	YEAR	PERCENT OF SALES REALIZATION	SOURCE
Coffee	Uganda.	1954	76 (1)	Vail Jamal, 1976
		1955	116 (1)	" " "
		1956	81 (1)	" " "
		1957	77 (1)	" " "
		1958	72 (1)	" " "
		1959	86 (1)	" " "
		1960	127 (1)	" " "
		1954-1960	90 (1)	" " "

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CROP	COUNTRY	YEAR	PERCENT OF SALES REALIZATION (a)	SOURCE
Pyrethrum	Kenya	1970-1971	75 (1)	Clive S. Gray, 1977
		1971-1972	70 (1)	" " "
		1972-1973	67 (1)	" " "
		1973-1974	62 (1)	" " "
		1974-1975	77 (1)	" " "
		1975-1976	66 (1)	" " "
Wattle Bark	Kenya	1970-1971	39 (1)	Clive S. Gray, 1977
		1971-1972	38 (1)	" " "
		1972-1973	35 (1)	" " "
		1973-1974	33 (1)	" " "
		1974-1975	28 (1)	" " "
		1975-1976	28 (1)	" " "

(a) see note on cotton

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CROP	COUNTRY	YEAR	PERCENT OF		SOURCE
			SALES REALIZATION		
Groundnuts	Nigeria	1947-1948	64	(p)	Onitiri-Olatunbosun, 1974
		1948-1949	48	(p)	" "
		1949-1950	42	(p)	" "
		1950-1951	44	(p)	" "
		1951-1952	55	(p)	" "
		1952-1953	42	(p)	" "
		1953-1954	48	(p)	" "
		1954-1955	51	(p)	" "
		1955-1956	61	(p)	" "
		1956-1957	52	(p)	" "
		1957-1958	56	(p)	" "
		1958-1959	65	(p)	" "
		1959-1960	66	(p)	" "
		1960-1961	54	(p)	" "
		1961-1962	58	(p)	" "
		1962-1963	51	(p)	" "
		1963-1964	48	(p)	" "
		1964-1965	48	(p)	IBRD, 1978
		1965-1966	47	(p)	" "
		1966-1967	50	(p)	" "
		1967-1968	46	(p)	" "
		1968-1969	41	(p)	" "
		1969-1970	40	(p)	" "

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CROP	COUNTRY	YEAR	PERCENT OF		SOURCE
			SALES REALIZATION		
Groundnuts	Nigeria	1970-1971	37	(p)	IBRD, 1978
		1971-1972	37	(p)	" "
		1972-1973	35	(p)	" "
		1973-1974	42	(p)	" "
		1974-1975	50	(p)	" "
		1975-1976	83	(p)	" "
		1976-1977	120	(p)	" "
	Senegal	1962-1963	45	(p)	IBRD, 1974
		1963-1964	45	(p)	" "
		1964-1965	45	(p)	" "
		1965-1966	48	(p)	" "
		1966-1967	46	(p)	" "
		1967-1968	47	(p)	" "
		1968-1969	46	(p)	" "
		1969-1970	36	(p)	" "
		1970-1971	32	(p)	" "
		1971-1972	40	(p)	" "
		1972-1973	30	(p)	" "
		1962-1963	65	(i)	" "
		1963-1964	65	(i)	" "
		1964-1965	65	(i)	" "
		1965-1966	69	(i)	" "

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<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (a)</u>	<u>SOURCE</u>
Groundnuts	Senegal	1966-1967	67 (1)	IBRD, 1974
		1967-1968	67 (1)	" "
		1968-1969	66 (1)	" "
		1969-1970	52 (1)	" "
		1970-1971	46 (1)	" "
		1971-1972	57 (1)	" "
		1972-1973	43 (1)	" "

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<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (a)</u>	<u>SOURCE</u>
Palm Oil	Nigeria	1947-1948	38 (p)	Onitiri-Olatunbosun, 1974
		1948-1949	54 (p)	" " "
		1949-1950	61 (p)	" " "
		1950-1951	61 (p)	" " "
		1951-1952	64 (p)	" " "
		1952-1953	60 (p)	" " "
		1953-1954	117 (p)	" " "
		1954-1955	87 (p)	" " "
		1955-1956	81 (p)	" " "
		1956-1957	62 (p)	" " "
		1957-1958	60 (p)	" " "
		1958-1959	67 (p)	" " "
		1959-1960	57 (p)	" " "
		1960-1961	63 (p)	" " "
		1961-1962	59 (p)	" " "
		1962-1963	53 (p)	" " "
		1963-1964	54 (p)	" " "
		1964-1965	48 (p)	IBRD, 1978
		1965-1966	45 (p)	" "
		1966-1967	54 (p)	" "
		1967-1968	55 (p)	" "
		1968-1969	91 (p)	" "
		1969-1970	91 (p)	" "

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CROP	COUNTRY	YEAR	PERCENT OF SALES REALIZATION <sup>(a)</sup>	SOURCE
Palm Oil	Nigeria	1970-1971	49 (p)	IBRD, 1978
		1971-1972	56 (p)	" "
		1972-1973	- (b)	" "
		1973-1974	- (b)	" "
		1974-1975	- (b)	" "
		1975-1976	- (b)	" "
		1976-1977	- (b)	" "

(a) Same note as in cotton.

(b) Foreign exports ceased.

CROP	COUNTRY	YEAR	PERCENT OF SALES REALIZATION <sup>(b)</sup>	SOURCE
Palm Kernel	Nigeria	1947-1948	36 (p)	Onitiri-Olatunbosun, 1974
		1948-1949	60 (p)	" " "
		1949-1950	58 (p)	" " "
		1950-1951	64 (p)	" " "
		1951-1952	55 (p)	" " "
		1952-1953	59 (p)	" " "
		1953-1954	62 (p)	" " "
		1954-1955	69 (p)	" " "
		1955-1956	68 (p)	" " "
		1956-1957	66 (p)	" " "
		1957-1958	68 (p)	" " "
		1958-1959	63 (p)	" " "
		1959-1960	48 (p)	" " "
		1960-1961	47 (p)	" " "
		1961-1962	60 (p)	" " "
		1962-1963	54 (p)	" " "
		1963-1964	48 (p)	" " "
		1964-1965	46 (p)	IBRD, 1978
		1965-1966	45 (p)	" "
		1966-1967	51 (p)	" "
		1967-1968	48 (p)	" "
		1968-1969	45 (p)	" "
		1969-1970	51 (p)	" "

<u>CROP</u>	<u>COUNTRY</u>	<u>YEAR</u>	<u>PERCENT OF SALES REALIZATION (b)</u>	<u>SOURCE</u>
Palm Kernel	Nigeria	1970-1971	52 (p)	IBRD, 1978
		1971-1972	74 (p)	" "
		1972-1973	41 (p)	" "
		1973-1974	40 (p)	" "
		1974-1975	52 (p)	" "
		1975-1976	150 (p)	" "
		1976-1977	130 (p)	" "