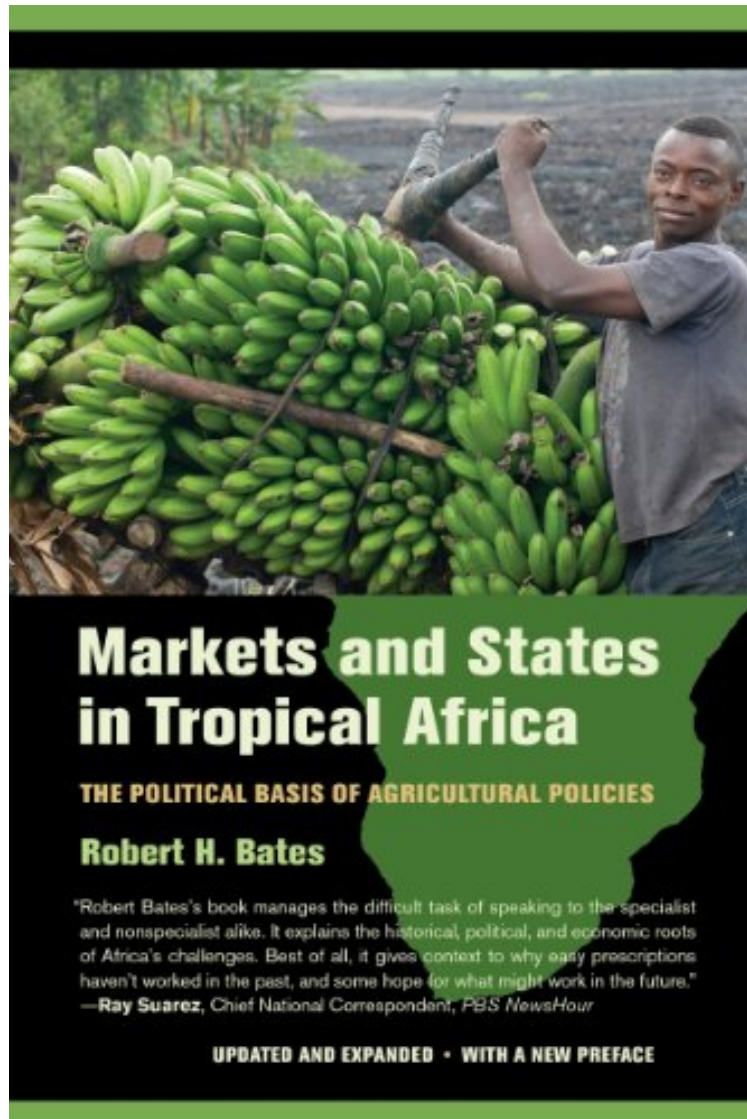


Markets and States in Tropical Africa: The Political Basis of Agricultural Policies

Robert H. Bates

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Robert H. Bates : Markets and States in Tropical Africa: The Political Basis of Agricultural Policies before purchasing it in order to gauge whether or not it would be worth my time, and all praised Markets and States in Tropical Africa: The Political Basis of Agricultural Policies:

16 of 16 people found the following review helpful. Extracting Rents Away from the Agricultural Sector By Etienne RPI In this landmark study, Robert Bates offered an interpretation of African economic policies toward the agriculture sector that set the terms of the debate for the years to come. Why do African governments pursue policies that create

market distortions, skewed incentives and misallocation of resources, despite their obvious costs for social welfare and long-term development? The core of Robert Bates' argument is that bad economics often makes good politics: governments choose to pursue policies that are clearly irrational from an economic viewpoint because their economic and social costs are more than offset by the political benefits that accrue to them and to the social forces that maintain them in power. Things did not have to turn that way. Political elites who took power at the time of the independences sincerely believed that they could put their countries on a path to economic modernization and social well-being. What trapped Africa into a low equilibrium of narrow clientelism and entrenched self-interests was a mix of bad institutions, bad advice and bad luck. African governments inherited from their colonizers institutions that were set to extract rents from the agriculture sector rather than to maximize the welfare of farmers. They chose a mix of development policies that emphasized the role of the state and the importance of a nascent manufacturing sector. And they benefited from a period of high commodity prices that led them to consider cash crops and natural resources as an inexhaustible source of foreign exchange revenue. The institution that came to symbolize the rent-extracting nature of African agriculture policies is the marketing board, which purchased cash crops from farmers at administratively determined prices and then sold them for a higher price on the world market, thereby accumulating funds that could be used for state-sponsored industrial projects or for social subsidies, if not for outright plundering. Another instrument of redistribution away from the agriculture sector was the local industrial firm that processed raw agricultural products acquired at artificially low prices, or the importation of foreign crops at prices below domestic ones in order to feed urban workers and lower the cost of living. This complex web of policies and institutions should not be seen solely as a way to transfer resources away from agriculture into the modern urban economy, thereby achieving the "primitive accumulation" that Marxist economists saw as a condition to industrial development. Some policies, such as large irrigation projects, the subsidization of inputs, the channeling of credit or the extension of public services to rural areas, benefit large landowners at the expense of small-scale farmers. Likewise, industrial development projects under protective trade policies give rise to large, capital intensive public enterprises which often operate below capacity and at high costs. Robert Bates makes heavy use of interest group theory to explain how policies are designed to secure advantage for particular interests, to appease powerful political forces, and to enhance the capacity of political regimes to remain in power. More ground-breaking is his analysis of the market as the setting for the struggle between the peasant and the state, the political arena in which social forces collide or avoid each other. Through intervention in the market, the state seeks to levy resources from the countryside, to appease social unrest in urban areas and to serve the private interests of those in power. For their part, rural producers use the market as a means of defense against the state, thereby evading some of the adverse consequences of government policies. They do so in part by reducing output, shifting crops, migrating out of the countryside, returning to subsistence lifestyles or joining the informal sector. Consequently, policy aberrations on the part of the government are more likely to result in exit patterns than in attempts at reforms. This book has been vilified in some quarters because it was said to have provided the intellectual blueprint to the policies of structural adjustment that swept African countries soon after its publication. The denunciation of the urban bias and the abolition of the marketing boards certainly provided a rallying cry that was easily picked up by market reformers working from development agencies, with little consideration to the social forces that would be put in motion by such prescriptions. And it is true that Bates is almost entirely silent on the organizational characteristics of his interest group coalitions that underpin policy choices and institutional settings. But this classic work still provides many insights on Africa's internal and external structural problems.

10 of 10 people found the following review helpful. Rational Choice Approach to African Agricultural Crisis By Matthew P. Arsenault

In this work, Bates moves away from dependency theory in explaining the financial discrepancies between the Center and Periphery. Rather than concentrating on external catalysts to stalled development, Bates' rational-actor model concentrates on the internal problems facing African development, particularly the pursuit of interests on the part of political and urban elites. Much of Africa is facing an agricultural crisis. Although generally populated by small farmers, many nations in Africa face food shortages. Bates argues that these crises are the result of inefficient policies (which intervene in, and distort markets) implemented by political and economic elites. The question becomes, why are these policies being pursued? Bates explains the implementation of these inefficient agricultural policies through a rational choice model. Bates suggests that these policies are developed and implemented by rational political and economic elites seeking to maximize their own utility - particularly in regards to garnering political support - rather than pursuing the collective good. This often occurs at the expense of many small farmers. He writes, "Policies are designed to secure the advantages of particular interests, to appease powerful political forces, and to enhance the capacity of political regimes to remain in power" (5-6). The political and urban elites work in tandem to harvest economic resources garnered from the agricultural sector to promote industrialization. This is often done through the manipulation of market forces, particularly in keeping food prices low for urban interests. Doing so keeps the urban masses content, and allows industrialists to maintain low wages. In turn, the policy making elites garner political support. Bates spells out the beneficiaries of such policies clearly. "Owners and workers in industrial firms, economic and political elites, privileged farmers and the managers of public bureaucracies - these constitute the development coalition in contemporary Africa" and hence benefit from the inefficient policies. In regards to production, such

policies skew the incentive structure of smaller agricultural producers. When receiving below world market prices, farmers will lower production, in turn limiting food supply. Or farmers may pursue a policy of "out-migration" and moved to the urban areas in pursuit of jobs. In this regard, the peasants are too acting rationally according to Bates model. Bates also discusses the problems of mass organization in order to oppose these policies. The small farmers are so dispersed and politically weak that the collective action problems ensue. The government expands on these collective action problems by offering preferential disbursements of subsidies, etc. to those who tow the party line. This divide and conquer technique has limited the power of the rural masses to organize a coherent opposition.³ of 3 people found the following review helpful. Straightforward, seminal - - if perhaps too simpleBy Arthur DigbeeThis book examines a simple and important puzzle: why do African governments choose such terrible economic policies? These policies are especially bad for agriculture, even though most Africans are farmers.The answer is simple: African governments systematically favor urban interests. That means that they provide cheap food for urban workers, which means cheap labor for urban businesses (capital). These groups are outnumbered, but they live in the cities. This means that labor and capital can mobilize politically against the government in the capital city, while farmers - - who are scattered all over a large countryside with poor transportation links - - find it very difficult to pressure the government.Bates' basic claim has much to recommend it. It is simple, yet it served as a productive research agenda for other studies - - such as Michael Lofchie's comparison of Kenya and Tanzania, among others. It is no wonder that this book made Bates' reputation, and was a seminal contribution to political economy in its day.Its simplicity also makes the argument incomplete. Though he does discuss colonial legacies, Bates doesn't consider the wider international context. African countries would find it difficult to pursue pro-farmer policies because the rich world, especially in Europe and Japan, closes its markets to many African food products. Certainly this fact deserves to play an important role when we consider the poor choices that African governments make.

Following independence, most countries in Africa sought to develop, but their governments pursued policies that actually undermined their rural economies. Examining the origins of Africa's "growth tragedy," *Markets and States in Tropical Africa* has for decades shaped the thinking of practitioners and scholars alike. Robert H. Bates's analysis now faces a challenge, however: the revival of economic growth on the continent. In this edition, Bates provides a new preface and chapter that address the seeds of Africa's recovery and discuss the significance of the continent's success for the arguments of this classic work.

"Robert Bates's book manages the difficult task of speaking to the specialist and non-specialist alike. It explains the historical, political, and economic roots of Africa's challenges. Best of all, it gives context to why easy prescriptions haven't worked in the past, and some hope for what might work in the future." - Ray Suarez, Senior Correspondent, *The NewsHour with Jim Lehrer*"From the Inside FlapInterested and well-meaning people in the United States wonder, "What's the matter with Africa?" Robert Bates's book manages the difficult task of speaking to the specialist and non-specialist alike. It explains the historical, political, and economic roots of Africa's challenges. Best of all, it gives context to why easy prescriptions haven't worked in the past, and some hope for what might work in the future."Ray Suarez, Senior Correspondent, *The NewsHour with Jim Lehrer*Ever since its original publication in 1981, this elegant study has been a clarion call for agrarian reform predicated on market incentives. Bates's perspective transcends the lingering ideological nostrums that still impede progress toward the construction of modern economies in Africa. Based largely on his personal empirical research, this lasting work continues to guide the quest for realistic approaches to the problem of poverty in Africa and other agrarian regions of the world."Richard L. Sklar, author of *African Politics in Postimperial Times***PRAISE FOR THE FIRST EDITION:** "[An] analysis of how public policy has fostered Africa's agricultural decline.... [The] description of how that policy has workedthe interests and mechanisms discriminating against the rural sectoris incomparable."Foreign Affairs