



A comparative political economic analysis of maize sector policies in eastern and southern Africa



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ARTICLE INFO

Article history:

Received 18 January 2016

Received in revised form 13 January 2017

Accepted 22 April 2017

Available online 3 May 2017

Keywords:

Agricultural policy

Political economy

Smallholders

Interest groups

Africa

Maize

ABSTRACT

Maize sector policies in eastern and southern Africa are characterized by a large and often growing presence of the state. Yet the scope, scale, and modalities of state activities vary substantially across countries. Drawing on data from Malawi, Zambia, Kenya, and Mozambique this article compares the relative degree of state intervention in the maize sector. We show that relative preferences for output market subsidies, input market subsidies, trade restrictions, or non-interventionist approaches reflect the interplay of interest group lobbying, patronage networks, and ethnic and regional political affiliations. These relationships have deep historical roots and have often been intensified in the context of the emergence of multiparty politics. We show that interventionist orientations in output markets and trade do not translate into better performance or welfare outcomes. Input subsidy preferences produce more ambiguous welfare results, when the opportunity costs are not fully accounted for.

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1. Introduction

As both a staple food and primary smallholder cultivar, maize plays a dominant role in the livelihoods of the majority of people in eastern and southern Africa. Identifying appropriate policies in the maize sector, therefore, offers substantial opportunities to improve the welfare of people in the region. However, policy change in the maize sector rarely comes easily. Maize sector policies are often closely aligned with the interests of entrenched political economic networks, which can stymie efforts at policy reform (Poulton and Kanyinga, 2014; Jayne et al., 2002; Kherallah et al., 2000). Challenges associated with achieving reforms to maize sector policies are highlighted by the often sharp divergence between government commitments to market liberalization, on the one hand, and the maintenance or expansion of substantial state involvement in the maize sector, on the other hand (Kherallah et al., 2000).

There are three ways in which governments in Eastern and Southern Africa typically intervene in the maize sector to achieve political and developmental objectives. The first is through output

market interventions, which include the use of marketing boards to overcome perceived smallholder output market failure, to support high farm gate prices, and to lower consumer prices through subsidized sales of government stocks (Barrett and Mutambatsere, 2008). The second is through input subsidy support, mostly for maize seed and fertilizer (Jayne and Rashid, 2013). Finally, governments in the region regularly use trade policy levers, including tariffs, export bans, licenses, and quotas, to regulate maize supplies and prices (Jayne et al., 2010).

Yet the composition and degree of state involvement in maize markets is not uniform across the region. Governments have adopted a range of policy approaches to the maize sector since the initiation of market liberalization reforms. It is our contention that variations in maize sector policies, including the relative scope and scale of state involvement, are associated with differences in policy incentives created by prevailing political economic structures. These policy variations, in turn, have important implications for maize sector performance and the distribution of welfare gains and losses. Thus, understanding the relationship between the political economy of maize policies and the scope and scale of state intervention in the maize sector can help illuminate the persistence of particular policy approaches, as well as to identify feasible options for policy change.

In this paper we develop a comparative political economy approach for understanding maize sector policy preferences in

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eastern and southern Africa. Using data from Zambia, Malawi, Kenya, and Mozambique we develop indicative statistics that enable us to compare relative policy orientations in these countries, focusing on output market subsidies, input subsidies, and trade restrictions. We use a comparative political economy framework to examine relative policy preference rankings. Using this framework we ask: (1) what political economy structures favor more interventionist approaches to the maize sector?; (2) what factors contribute to observed preferences for trade restrictions, input subsidies, output market subsidies, or non-interventionist policies?; and finally: (3) what are the distributional implications of differing maize sector approaches and political economy configurations, assessed in terms of total production and yields, price stability and margins, and smallholder market participation?

The remainder of the paper is organized as follows. In Section 2 we present comparative descriptive statistics on the scale of government interventions in the maize sector. In Section 3 we present our conceptual framework for understanding the political economy of maize policies. In Section 4 we apply the political economy framework to each country in order to understand the maize sector policy preferences. Section 5 then examines the welfare distribution effects of policy choices. By way of conclusion, we discuss the implications of our findings in the context of rapid demographic, economic, and environmental transformations which are currently taking place in Africa.

2. Comparing the scope and scale of state interventions in maize market

In order to compare the extent of government interventions in maize markets across countries, we develop three numerical measures. First, we measure the magnitude of state involvement in maize output markets by taking the average share of national maize production that is purchased directly by the government through its marketing board or food reserve agency. Second, we assess the scale of state involvement in maize input markets by calculating the average share of the total national agricultural budget that is dedicated to maize input subsidy programs over the period 2009 through 2011. Due to a lack of available budgetary data for all countries, we utilize data from a study by [Jayne and Rashid \(2013\)](#), which compiled a combination of computed and reported figures on input subsidy expenditures. Finally, through a review of both academic literature and media documents, we measure the magnitude of government restrictions on maize trade by computing the percentage of years between 2000 and 2015 that governments instituted statutory restrictions on maize trade. A full description of all data is presented in [Appendices A and B](#).

There are several important limitations to this approach. First, many countries in the region are secretive about both the scale of their involvement in input and output markets and the associated costs. This limits our capacity to determine, for example, the actual number of input subsidy beneficiaries or the costs associated with output market interventions. In addition, we were unable to acquire maize purchase data for each of the country's marketing boards for all years. Finally, trade restrictions on maize are often implemented in a *de facto* way, which makes them difficult to identify ([Borchert et al., 2013](#)). As a result, we likely under-report the frequency of trade restrictions. Despite these limitations, we believe the available data allow us to closely approximate the relative scale of interventions in each of the countries and intervention areas.

[Table 1](#) provides a summary of the available data for each country. In terms of output market interventions, we find that Zambia ranks the highest of all the countries. Between 2000 and 2014 the Zambian government, through its Food Reserve Agency (FRA),

bought on average 19.2% of the total maize produced in the country. Kenya ranks second in terms of output market interventions, with the NCPB buying on average 8% of the country's total maize production between 2000 and 2009. By contrast, the Malawian government plays a more moderate role in output market interventions, while Mozambique does not intervene in maize output markets.

Malawi ranks the highest in terms of the share of its agricultural budget that is dedicated to input subsidies, with an average of 59% of its budget going to subsidize maize inputs. While Malawi's overall budget is smaller than both Zambia and Kenya's, the substantial share of the budget dedicated to input subsidies is indicative of the importance of these subsidies to the agricultural policy landscape. Zambia and Kenya occupy a slightly more moderate, though certainly not inconsequential, positions in terms of input subsidies, with an average of 29 and 19% of their respective agricultural budgets going to maize input subsidies. As with output market subsidies, Mozambique exhibits very little policy preference for input subsidies for maize.

Finally, we find that since 2000 Zambia has the highest incidence of maize trade restrictions of the four countries. Over that period, Zambia has had some form of trade restriction on maize in place for 64% of the years. It is followed closely by Malawi, which has had trade restrictions in place for 50% of the time. Kenya, again, occupies a slightly more moderate position, with trade restrictions in effect for approximately 30% of the time. During this period, Mozambique has not restricted cross border maize trade in any meaningful way.

[Fig. 1](#) provides a visual representation of the relative policy preferences of the study countries along the three axis of intervention. The larger triangles associated for Zambia and Malawi are indicative of higher overall level of intervention in the maize sector, while the ranking along each intervention axis illustrates relative policy preferences.

3. A political economic framework for maize policy in Africa

Having established empirically policy preference rankings in each intervention area, we now ask: what factors explain the observed variations between countries? To do this we draw on a political economy framework. Our political economy framework follows closely the work by [Birner and Resnick \(2010\)](#). They emphasize five key variables of interest, which illuminate various aspects of smallholder agricultural policy making:

- (1) Interest groups/collective action: This variable draws attention to the relative political power of urban and rural constituencies, explained in terms of the transactions costs of collective action ([Bates, 1981](#)). It helps to explain policy preferences for urban vs rural groups, as well as policy favoritism for elite rural minorities represented by farmer lobbying groups.
- (2) Interaction of voters and interest groups with politicians: This variable focuses attention on the interaction between interest groups and politicians, and generally assumes that politicians choose policies that maximize their chances of retain power. An important element of this is the alignment of the policy choices of governments and their voting block support bases, which may include ethnic groups and urban or rural constituencies.
- (3) Type of political regime: This draws attention to the interplay between political regime type and strategies deployed by the ruling party to retain power within this political structure. In particular, intermediate variables such as the existence of multiparty elections, evidence of opposition

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