Agricultural policy choice

Interests, ideas and the scope for reform

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African countries face serious difficulties in getting the agricultural policies they need to help turn economic growth into economic transformation. Nonetheless, radical pessimism may not be justified for two reasons. By comparing Southeast Asian and African experience in other policy fields, this paper suggests that changing policy ideas may play a role that is not captured by most political-economy diagnostics. Further, it provides evidence that social and economic reforms can be achieved 'against the odds' when local actors are empowered to pursue a politically smart, entrepreneurial approach.

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Summary

Political economy provides a rich source of understanding of the difficulties African countries face in getting the agricultural policies they need to help turn economic growth into economic transformation. The literature on this subject has been growing, with case studies of subsectoral success and failure adding to broad analysis of political incentives working against an adequate provision of relevant public goods. These findings are sobering, but this paper argues that radical pessimism may not be justified for two reasons. First, Southeast Asian comparisons and African experience in other policy fields suggest a role for changing policy ideas that is not captured by most political-economy diagnostics. Second, there is evidence that social and economic reforms can be achieved 'against the odds' when local actors are empowered to pursue a politically smart, entrepreneurial approach.

1 Introduction

Theory and historical experience are clear about the critical role played by agricultural transformation in economic development. The importance of sustained improvements in food supply in an employment-intensive economic growth path, and thus the achievement of a reasonably inclusive form of development, is one of the oldest and least contested tenets of development economics (Johnston and Mellor, 1961; Johnston and Kilby, 1975; Mellor, 1976; World Bank, 2007; Breisinger and Diao, 2008). Similarly, there is little dispute at the technical level that raising the productivity of the crop-producing smallholders who account for the bulk of most rural populations is hard. It is seldom possible without both major improvements in economic infrastructure and better provision of several types of public goods, including institutions for coordinating markets and mitigating the risks associated with the adoption of new technologies. Public policies that deliver these conditions are a key requirement (Kirsten et al., 2009; Hazell et al., 2010; Poulton et al., 2010).

Nowhere are these arguments more relevant today than in sub-Saharan Africa. The revival of economic growth in the region over the last 20 years was at first, rightly, a subject for celebration (McKinsey Global Institute, 2010; Radelet, 2010; Chuhan-Pole and Angwafo, 2011). Increasingly it is the focus for insistent questioning about a pattern of growth that has produced little structural transformation and does badly on most criteria of inclusiveness (ECA and AU, 2011; ACET, 2014).

In most countries of the region, the creation of new employment opportunities in manufacturing and services is not keeping pace with still buoyant rates of population growth. One reason for this is that food remains expensive, helping to make African wage levels unattractive to investors looking to relocate from increasingly prosperous countries in Asia, including China (Lin, 2013; McMillan *et al*., 2014). Improvements in rural productivity, whether on-farm or off-farm (Christiaensen *et al*., 2010; Wiggins *et al*., 2010), have not been a major feature of the growth acceleration. Even those who argue that focusing exclusively on smallholders is not warranted (Collier and Dercon, 2014) nonetheless maintain that a radical policy shift is required. Despite the rhetoric around initiatives such as the *Comprehensive Africa Agriculture Development Programme*, local successes – not entirely absent[1] – have not been replicated or scaled up into policy. Consequently, the synergies between agriculture and industry that have been the foundation for sustained and inclusive development elsewhere in the world have remained elusive. Why is this and what are the prospects in the foreseeable future?

At one level, the answers are clear enough. At least since Lipton (1977) and Bates (1981), we have understood that agricultural policies are not driven by theory and experience, but are shaped by compelling political concerns. The technical advice may be to promote a farming revolution and focus on providing the quantity and quality of the public goods this requires,

[1] Tending to take the form of output and yield improvements in particular crops or livestock products (Dietz, 2013; Dietz and Leliveld, 2014) responding to growing urban demand, in particular localities (Andersson Djurfeldt, 2013) and with disproportionate involvement of relatively large smallholders (Jayne et al., 2010).

but the political logic says keep the countryside quiet with threats and discretionary handouts. The 'political economy' of agricultural policy will almost inevitably remain unfavourable to the improvement of smallholder productivity, at least until politics stops being patronage-based, which may be a very long time indeed. Africa will remain trapped by its costly food supply and jobless growth for decades to come.

But is this bleak conclusion fully justified? This paper agrees with Birner and Resnick (2010) in suggesting it may not be. It draws on two strands in the recent literature, one reasserting the influence of 'ideas' rather than political self-interest in shaping policy choice, the other revealing some scope for achieving policy reforms 'against the odds' by working in smart ways on both ideas and interests.

The paper has three substantive sections. It begins with a quick round-up of long-established and recent contributions to the political economy of policy choice for agriculture. The next section summarises the evidence, particularly from comparative studies of sub-Saharan African and Southeast Asian development trajectories, suggesting that political-economy explanations are neither necessary nor sufficient to explain the main facts. Finally, evidence and reflection are offered to support the conclusion that both ideas and incentives may be malleable to some extent, that it is wise to work on both, and that worthwhile gains may be possible if there is stronger support for reform approaches that are both politically smart and locally led.

2

The political economy of policy: old themes, new contributions

2.1 Lipton and Bates

There are many reasons why we should not be surprised by the disappointments of policy-led agricultural progress in Africa. Already in the 1970s, Lipton – a pioneer of the economic theory of agricultural transformation along with the likes of Johnston, Kilby and Mellor – provided a persuasive account of the political sources of what he called 'urban bias'. Lipton's analysis (1977) was criticised most prominently at the time for the neoclassical flavour of its economics and for its political 'populism' (Lehmann, 1977; Byres, 1979), but in retrospect it was the Marxist-inspired class-reductionism that Lipton shared with his principal critics that made the theory less compelling than it could have been (Corbridge, 1982). The headline 'the urban classes have been able to "win" most of the rounds of the struggle with the countryside' (Lipton, 1977: 13) did not capture well the specifically political motives and outcomes connecting patronage-oriented government with the policies of surplus-extraction and selective subsidisation described so well in the text of Lipton's book.

It was for Bates (1981) to bring a political scientist's sensibility to the argument and to ground it in a sophisticated understanding of African politics and rural affairs in particular. Bates was not only an Africanist and an anthropologically literate political scientist but an advocate of rational-choice political economy. This opened up several fresh explanatory avenues that have since become mainstays of the political economy of rural Africa. First the elementary sociology, echoing Marx and Lipton: the dispersed location of the peasant masses makes collective action difficult for them while also making them easy targets of state repression. Urban riots are taken more seriously by politicians than rural rebellions. But the main puzzle was not the absence of class-based rural action, but this: why did governments both 'tax' agriculture heavily (at the time mainly through price, exchange-rate and industrial protection policies) and assist the sector with generous input subsidies and significant investments in public schemes of various kinds?

This was the central issue for Bates. Lipton had underlined the role of input subsidies in 'buying off' the rural rich and reducing the chances of coordinated action on behalf of rural interests. Bates looked at this more from the perspective of the politician, assumed to be both rational and motivated to get into or stay in power. Without discounting entirely the influence of ideologies of state-led industrialisation or the superior potential of large, commercially oriented farms, he provided the classic statement of the now-familiar argument that African politicians who want power and are rational will not be able to resist the temptation to intervene in markets in a definite way: to create rents that can be allocated on a discretionary basis, to reward supporters and punish opponents.

According to this view, politicians will not consistently support the production of public goods, such as infrastructure or risk-reducing institutions that benefit the rural population at large. This is because public goods, by definition, cannot be used to buy the loyalty of particular constituencies or to threaten others.[2] No politician can be assured that if s/he resists the allure of discretionary handouts, the opposing side will be similarly restrained. Therefore, the public goods that economic theory says are essential to agricultural transformation and, therefore, to an employment-intensive growth path will always tend to be under-provided.

2.2 The taming of structural adjustment

In the 1980s, Bates was not centrally concerned with theorising about the institutional context in which political choices about agricultural policy are made in African countries. He left open the possibility that there might, in the future, be more exceptions to the African norm of the type then represented by Côte d'Ivoire under Houphouët-Boigny and Kenya under Jomo Kenyatta, where large farmer groups championed sector interests. But the mood of the time was straightforwardly neoliberal. The most likely way of improving Africa's development prospects was to take crop marketing monopolies, trade tariff policies and the determination of currency exchange rates out of the hands of the politicians, using the influence and conditionalities of the international financial institutions to free up markets and privatise enterprises. From 1989 onwards, these hopes were merged with the expectations surrounding political liberalisation and the reintroduction of multi-party competitive elections (World Bank, 1994; World Bank *et al*., 2000).

The next generation of pertinent political-economy analysis was a response to the only partial realisation of this neoliberal dream. Donor-promoted trade and exchange-rate liberalisation did have the effect of altering the conditions for agriculture in broadly positive ways, reducing substantially the burden of implicit taxation on farmers, especially those involved in exporting (Anderson and Masters, 2009). Other forms of rent generation to fund patronage politics had to be found and generally were. The winding up or reform of marketing monopolies helped in some sectors, but was stalled or reversed in others. Privatisations were often subverted politically, providing no injections of fresh entrepreneurship; and pervasive market failures and infrastructure gaps were not addressed (Jayne *et al*., 2002; Cooksey, 2003). Economic recovery from the doldrums of the 1980s was slow to come; structural adjustment of the economy had been achieved by largely negative means.

Authors such as van de Walle (2001) interpreted these trends as part of a wider 'partial reform syndrome' in which certain reforms were vigorously adopted, but without the complementary measures needed to make them deliver what was expected of them. This happened because within a neopatrimonial system of politics, leaders need access to rents in order to maintain viable alliances, so that as some sources of rent are closed off as the price of continued international assistance, others have to be found. Corrupt privatisations and related scams were easy pickings. What the World Bank called 'second generation' reforms, including turning the civil service, and infrastructure and agriculture ministries in particular, into effective instruments supporting agricultural enterprise and market development, got little political support. They were too difficult and risky. Fighting competitive elections at regular intervals did not help to give the politicians more interest in public goods; by increasing the stakes, it merely deepened the need of politicians for patronage resources. Chabal and Daloz (1999) called this the 'taming of structural adjustment'. It also entailed the adaptation of 'democracy' to the realities of power in African societies.

2.3 Why democracy does not help

The lines of explanation of agricultural policy choice opened up by Bates and van de Walle have been broadened and deepened in the last decade. In the first place, a series of global, historical and comparative studies have led to a new realism about political prospects in poor, developing countries generally. A key insight common to the studies of North and associates (2009; 2013) and Khan (2010; 2012) is that a clientelistic, rent-extracting relationship between politicians and economic actors is virtually inevitable so long as the span of profitable productive enterprise, and thus the formal revenue base, of a country remain narrow. In these circumstances, progressive change may well be possible but it will occur in a stepwise fashion as shifts in the ways rents are deployed begin to blunt the worst effects of the prevailing 'limited access order' or usher in more developmental 'political settlements'.

Among agriculture sector economists, too, there is much less faith than there was a generation ago in market liberalisation as such, and more awareness of the gaps in state or public-private provision in support of technological change and market coordination. As in the seventies, a deepened awareness of the

[2] The possibility that regional public goods are used this way in national politics is recognised further on.

economic challenges has led some economists to revisit political questions – especially why, given that in many countries the 'median voter' is a peasant, democratic elections have not done more to change the contours of agricultural policy. In a major survey of the literature and current evidence on this question, Poulton (2014) has argued that there are several good reasons for not expecting the advent and maturing of multi-party politics to produce stronger pressures for the provision of public goods that agricultural transformation requires.

To begin with, it is a mistake to assume that in most African countries, politicians trade policies for votes. Close inspection of the processes that lead to the selection of presidents, agriculture ministers and members of parliament does not suggest that the fundamental incentives are about to change in the majority of countries. The prospects in this regard seem hardly better in those countries that have succeeded in consolidating a multi-party political system than in those that have not.[3]

Presidential candidates typically fight elections on a combination of national, regional and local issues. Even with regard to national issues, however, politicians' incentives to campaign on distinct policy platforms, as opposed to veiled promises and threats addressed to particular ethnic or regional constituencies, remain weak, for systemic reasons. Broad policy commitments are made – often the same ones by all of the contenders – but they are not relied upon to settle the outcome. They suffer from credibility problems and are risky for winning candidates, given the limited delivery capabilities of the state. The socioeconomic structure of the countries does not lend itself to the emergence of programmatic demands from a civil society with roots in production, as emphasised by Khan (2010), and the formation of disciplined, programmatic political parties poses insuperable collective-action challenges in most countries, as argued by Keefer (2011).

When it comes to mobilising support on a regional basis, presidential candidates build coalitions that include major regional power brokers, who in turn bring in votes by some combination of promises involving: delivery of region-specific public goods, club goods or selective transfers to particular groups in their region, and disbursement of patronage to key leaders. At regional and local levels, a key way in which leaders of different kinds 'deliver the vote' involves land and rights to land.

According to the argument of Boone (2003), recently extended and deepened by Boone (2014), land conflicts take somewhat different forms depending on whether rights are neo-customary (based on current interpretation of longstanding customs) or created by state policies. But, in either case, they generate strong and enduring political dependencies: 'When land and other assets are allocated via political hierarchies rather than through impersonal market relationships, voters, citizens, and businesspeople lack the *economic and political autonomy* that is a sine qua non of liberal democracy' (Boone, 2014: 311, original italics). In other words, there is a profound structural reason why votes continue to be delivered by political patrons of one kind or another and not earned by political parties making programmatic appeals.[4]

Poulton (2014) find only two types of exception to his general finding that the progressive institutionalisation of competitive politics is unlikely to favour a general agricultural transformation. One is that ruling elites that are highly dependent on agriculture for tax and foreign-exchange revenues, because the country lacks major sources of mineral wealth, may be more inclined to invest in agricultural growth. This appears to be supported by the better-than-average performance in Burkina Faso, Ethiopia and Malawi, drought years excluded. The other type of exception is about perceived external or internal threats to regime continuity, including the possibilities of mass violence arising from the political mobilisation of the rural masses. Building on arguments advanced about Asian developmental regimes by Campos and Root (1996) and more recently by Doner et al. (2005), this interpretation of the unusually purposeful character of agricultural policy in two African countries, Ethiopia and Rwanda, suggests the rather depressing bottom-line conclusion that it takes an existential threat to the ruling elite to induce African governments to turn rhetoric about agricultural transformation into a reality.

Whether this conclusion is entirely valid, based on both Asian and African comparative evidence, is a topic for consideration in the next section. However, first we should pay attention to important recent literature that takes the political economy of policy down to the level of subsectors of rural production and initiatives in support of particular crop types.

[3] None of what follows should be interpreted to mean that this is an exclusively African issue; see for example International IDEA (2014) and Robinson (2010).

[4] Boone (2014: 314) disputes the generalisation above that national elections and political competition have little real programmatic or policy content, arguing that this stems from assumptions about the universal relevance of the left-right ideological divides that have come to prevail in liberal democracies. In fact, much political competition revolves around different claims regarding the principles that ought to govern access to land – highly programmatic and policy-relevant in the context.

2.4 Analysing pockets of subsectoral success

The weakness of the agricultural response to economic liberalisation since the 1980s has usually been treated as a generic issue, subject to a generic political economy interpretation. An important innovation in recent research has been to recognise variations in performance across subsectors of rural production, taking the sources of subsectoral differences as the focus for research. Another has been to track the progress of policy initiatives in particular subsectors or for particular crops or outputs, to shed light on the potential political opportunities and obstacles.

In the first category, the Elites, Production and Poverty (EPP) project, led by Therkildsen (Whitfield et al., forthcoming), has shed significant light on why some productive subsectors seem to prosper in a generally unpropitious political environment. The conclusions reached, on the basis of a series of in-depth case studies, are good pointers to what it takes to achieve some success in raising productivity, capabilities and incomes in a branch of economic activity. The experiences documented by EPP lead to the conclusion that subsectors prosper when they attract a particular kind of political interest. In general, politicians support productive sectors when this helps to keep them in power. Particular productive activities are favoured when the relationship between elements of the ruling elite and the relevant productive entrepreneurs is important to cementing the coalition in power. Where this primary condition exists, a second condition has proven to be relatively easily satisfied, that of creating a pocket of efficiency within the relevant ministry or public agency, allowing productivity-enhancing reforms to be driven through (Whitfield and Therkildsen, 2011). Examples include cocoa in Ghana, sugar in Mozambique and dairy in Uganda (Buur and Whitfield, 2011; Kjaer *et al*., 2012).

It is worth underlining that, contrary to some of the more traditional donor thinking about private sector development, the EPP studies do not point to the conclusion that sectors need to be protected from political interference. On the contrary, active political support seems to be a precondition for this sort of success. Also, the bureaucratic input does not need to correspond to an abstract ideal of technical expertise and independence. The key is a group of officials with genuine interest in, and some knowledge about, the sector and its needs – an 'embedded autonomy' vis-à-vis producer interests. The general recipe for success seems to be, in summary, a close triangular relationship between the entrepreneurs, the bureaucrats and the politicians. Cases of subsectoral initiatives that fail, as with fresh pineapple exports in Ghana and lake fisheries in Uganda, are often explicable in terms of the weakness of one or more sides of such a triangle (Whitfield, 2010).

2.5 The politics of subsectoral reform

Studying success, where it can be found, has big attractions. However, it does matter whether productivity breakthroughs are achieved only in branches of an activity that produces socially or regionally concentrated benefits or are also present in at least one sector involving large masses of the population (eg a staple food sector or major export crop like cotton). Thus, an important type of variation to which we should be attentive is the extent to which either the state or a public/private body has a politically supported capability to deliver the missing elements of market coordination, institutions or infrastructure and to do that in a reasonably coordinated way.

The evidence base for realistic thinking about subsector initiatives in Africa has been greatly expanded by recent research. Case studies for EPP, for the Leiden-led Tracking Development (TD) project and for the already mentioned survey of experience by Poulton have documented promising initiatives in several subsectors that have been fatally undermined by a lack of politically supported reform coordination. Two particularly well-researched case studies illustrate why change is likely to remain a major problem in Africa for some time to come. They show that coordination failures can be fatal even when there is real political interest in a productivity-enhancing initiative and, at least, some elements of the necessary bureaucratic capacity.

One is Therkildsen's (2012) study of President Kikwete's big push for irrigated rice in Tanzania. Leaving aside the question of whether an expansion of rice cultivation in Tanzania is a sound objective, the experience is illuminating. It shows that central political support promises an impressive result at one level – a substantial increase in irrigated land area as well as large increases in total output of paddy. However, for such expansion to be realised and sustained, there needs to be coordination with import tariff policy to ensure a market for the increased domestic output. And the physical investments need to be complemented with proper provision for operation and maintenance. In this instance, coordination failed in both respects.

First, neither the cabinet nor the leading bodies of the ruling *Chama Cha Mapinduzi (*CCM) were able to provide the necessary counter-weight to prevent a concentrated group of politically well-connected importers from smuggling in rice or from getting exemptions from the applicable East African Community external tariff. Second, in the context of intensified factional struggles within CCM, the local governments that are responsible for setting up operations and maintenance systems were increasingly in a position to ignore instructions from the centre and, indeed, to make demands of their own as a condition for political support. Efforts to improve operations and maintenance of irrigation infrastructure were, as a consequence, largely absent.

In retrospect, this outcome could probably have been predicted. In Tanzania, political coalitions are built and maintained on the basis of concessions to powerful constituencies, and these normally include major players in the food-trading system. The effects would have been mitigated if paddy growers had themselves been effectively organised as a pressure group, as sugar producers are. But the more a crop depends on the efforts of a mass of small producers, the less easy it is to organise them as a counter-weight to trading or processing interests. The dependence of productive sector reforms on local-government politicians and bureaucrats who have become liberated from central government tutelage poses a major challenge on its own.

The second study to be highlighted is the examination of Kenya's Strategy for Revitalising Agriculture (SRA) by Poulton and Kanyinga (2014). Again, this shows that even quite considerable political will in key quarters of government may not be enough to deliver actual reform. Given the way governments in Kenya are put together, it can be imperative to maintain the support of coalition members whose political survival depends on organisations that supply, and/or producer groups that benefit from, the rents created under past policies. This is what eventually killed the SRA.

Formulated under the 2002 National Rainbow Coalition (NARC) government and substantially incorporated into the Agriculture Sector Development Strategy of the 2008–13 government of national unity, the SRA called for a significant scaling down and transformation of the role of the state in the sector. Its relatively high profile reflected the fact that reform-minded technocrats have occupied key positions in Kenyan governments over the last decade. However, its implementation would have called for unprecedented collective action by a number of interested ministries. Moreover, Ministers of Agriculture in recent governments have tended to be Kalenjins, politico-ethnic junior partners in alliances that were generally considered fragile. Minister Kipruto arap Kirwa, as the lone Kalenjin minister in the NARC government, 'could not be seen to be undermining the NCPB [National Cereals and Produce Board], the AFC [Agricultural Finance Corporation] or other state organisations that primarily benefited or were staffed by Kalenjins' (Poulton and Kanyinga, 2014: s167). Under the second Kibaki administration, Minister William Ruto lost his job after the distribution of fertiliser and maize subsidies became a national scandal, but, significantly, his replacement was another Kalenjin burdened with similar commitments to his support base.

Reforming the institutions of the Kenyan agricultural sector promises significant general benefits to the economy, making it attractive to politicians with economy-wide interests, such as many of the leaders of the Kikuyu community. However, its immediate effects would have undermined the power base of Kalenjin leaders whose loyalty to the governing coalition was then, and in different circumstances remains today, essential to its stability. The key absence, of course, is some higher source of political coordination that is capable of overriding opposition and/or compensating losers in a reform process. It may be wishful thinking to raise this possibility. However, without some higher-level resolution technical coordination and reformist drive alone are unlikely to work.

To summarise, politically supported reform coordination, including some ability to overcome entrenched interests, is a key element that has often been lacking in Africa. Several other East African experiences support this contention. In cashew production and processing, coordination failures rooted in the political structure account for Tanzania's failure to match Vietnam's success, a story told in detail by Kilama's (2013a; 2013b) study for TD. In Uganda, the study by Kjaer and Joughin (2010) of the political pressures which led President Museveni repeatedly to overturn the technically approved National Agricultural Advisory Services and the Plan for the Modernisation of Agriculture involve similar factors. The politician's ability to provide discretionary handouts of agricultural inputs at times when elections are approaching is so highly appreciated that other considerations have to be set aside.

In the majority of these experiences, the problem is that the interests favouring market coordination – which are no longer insignificant in some countries – are overridden in the end by forces that rely on agricultural organisations or parts of the market to maintain their vertical patronage networks. The result is not just 'no change', but damaging policy incoherence.

3

Interests versus ideas? Nuancing political economy

The message suggested by Section 2 is the realistic but profoundly depressing one that there is a sharp and normally irreconcilable conflict between the development needs of poor African countries and the way political systems work, including in countries that have made some progress in political democratisation. There are apparent exceptions, but, as in East and Southeast Asia, they appear to reflect an elite response to violent events and enduring threats to regime continuity that may not be repeatable, and whose repetition would anyway not be undesirable. Is this the best prospect that can be offered to poor Africans in the foreseeable future?

It may be so, but we should at least pause before drawing such a strong conclusion. First, the evidence that the political-economy factors considered above are both necessary and sufficient to explain observed variations in outcomes may be less clear than we suppose. As Rodrik (2014) has argued, awareness of the structure of political-economic interests around an issue ought not to crowd out appreciation of the significant difference that can be made at the margin with a well-placed, well-timed policy idea. The evidence suggests that this is one of the main ways progress occurs and, if that were never the case, policy-oriented economists would do well to retire. A compelling example of Rodrik's claims as they relate to agriculture comes from the already mentioned TD project.

3.1 Lessons from Southeast Asia

Tracking Development (van Donge et al., 2012; Berendsen et al., 2013; Vlasblom, 2013; Henley, forthcoming) compared the development progress of the Southeast Asian and sub-Saharan African regions over the 40 years from 1960. It then examined closely the development policies and outcomes of matched pairs of countries from the two regions: Nigeria and Indonesia, Kenya and Malaysia, Tanzania and Vietnam, and Uganda and Cambodia. Despite the fact that the starting points were similar and per capita incomes were in aggregate higher among the African countries than among the Southeast Asian ones, the long-term performance in per capita income growth and poverty reduction was strikingly superior in Southeast Asia.

The study considered and firmly rejected the hypothesis that the Southeast Asian countries were significantly better governed or less neopatrimonial than their African peers during the decades in which this divergence occurred. Instead, it concluded that growth in the Southeast Asian countries was both more sustained and more firmly grounded in early investments in raising rural productivity, especially that of smallholder cultivators. This success was attributable to the early adoption and consistent pursuit of a three-part policy orientation, including sound management of the macro-economy, a high level of market freedom for small producers and massive public investment in rural public goods. While African countries had by the 1990s mostly adopted both of the first two elements of the package, none of them – even some of Bates's exceptions, such as Kenya under Jomo Kenyatta – replicated the level of rural public spending that was typical in Asia (Henley, 2012).

Was this because the Asian countries were subject to systemic threats and the African countries were not (with the possible exception of Ethiopia and Rwanda, countries not included in the TD set)? In more recent work (2013), Henley has addressed this question directly and rejected it. Even in Asia, close inspection of the motivations and timings does not agree with the idea that leaders in Indonesia, Malaysia or Vietnam invested in rural productivity growth because they feared a communist-led insurgency (or, in the Vietnam case, that the communist elite feared a backlash from disappointed rural supporters). Furthermore, close inspection of the Rwandan experience does not suggest that elites subject to existential threats from the rural masses automatically adopt pro-rural, pro-poor agricultural strategies. Sensible policies for agriculture took a long time to be adopted after 1994 in Rwanda, and they were prompted more by a serious mid-2000s hunger crisis than by the earlier genocide or by the enduring threat from exiles in the Congo (Booth and Golooba-Mutebi, 2014a).

Having rejected threat-based explanations, Henley and his collaborator Fuady (Fuady, 2013; Henley, 2013) go on to produce a convincing case that the main reason for the observed policy differences between the African and Southeast Asian cases is that African leaders were always predisposed against rural production by their 'life experiences', whereas Southeast Asian leaders were not. Southeast Asian leaders retained substantial affinities with their rural roots, which in the Indonesian and Vietnamese cases included fighting alongside rural people in liberation movements. This led them to create protected organisations for promoting rural markets and technical change, and for managing oil- or mineral-induced Dutch Disease and investing massively in rural infrastructure. In comparable African countries, presidents and senior officials grew up regarding rural life as backward and progress as consisting of urbanisation and the other trappings of advanced living in the colonial mother country. It is hardly surprising that the idea of investing in farming held few attractions.

An important practical recommendation by Henley and Fuady is that there is an ideological struggle about agriculture and development to be fought in Africa, and this should not be abandoned prematurely. Before invoking interest-based explanations, we need to take due account of the prevailing ideas in Africa about how progress happens, including the current rather industry-centred twist that is being given to the discussion about moving on from economic growth to structural change and economic transformation (Lin, 2012; ECA and AU, 2014). We should be encouraged in this by the extent to which there has been a real ideological conversion on other things, such as macro-management and the role of private investment, in most countries. In these fields, policy change has been real despite what used to be considered binding political-economy constraints.

3.2 A layered political-economy approach

There is much to be said for this view. The obstacles to what specialists consider to be sound agricultural policy have ideological as well as interest-based underpinnings. However, on present evidence it would be unwise to replace a one-sided political-economy-based pessimism about policy choice and reform prospects with an equally one-sided optimism based on the power of ideas. The shortcomings of political-economy explanations of policy differences across countries, world regions and periods are most striking when simple dichotomies are relied upon – the absence or presence, of clientelism, democracy, good governance or, indeed, systemic threats. A more layered approach to the political-economy diagnostics, one that pays more attention to specific differences in power structures and political organisation, may be able to do better, including with respect to the place for policy ideas.

To begin with, comparative research has advanced to the point where sophisticated typologies of developing country growth-governance trajectories (Levy, forthcoming) or 'political settlements' (Khan, 2010) have all but replaced the old dichotomies. These typologies differentiate between regime types that are **all** clientelistic as well as imperfect in terms of liberal-democratic ideals. Arguably, they provide a much improved basis for explaining policy choices and policy results. One reason is that it appears that some political settlements (configurations of power and institutions) are better than others at enabling policy to be based on learning and the application of ideas to the solution of development problems. In some cases, they do this by helping elites to form political parties that become programmatic learning organisations.

Shocks and threats can be important in the genesis of the kind of elite collective action that endows either the state or a dominant party or both with an interest in making policy on the basis of relevant ideas, development problem-solving and experience. The differences between cases where this has happened and where it has not appear very important in Southeast Asia, according to Slater (2010). Where elites have failed to overcome their usual fragmentation in some way, policy is made to suit the needs of a competitive form of clientelism. As a result, state-building and development outcomes generally tend to be inferior. Furthermore, as argued by Pritchett et al. (2010), when there are large volumes of development assistance in play as well, policy tends towards formal mimicry of international best-practice models for the purposes of 'signalling' to donors.

On the African continent, and drawing on the case of Rwanda in particular, a multi-layered political-economy analysis serves to put the role of ideas in its proper place. As noted above, Rwanda did not get half-decent agricultural policies from the shock of the genocide. It got them from a learning process, assisted by a more recent shock, leading to a new perception of how to pursue the long-term objective of stabilising the country by developing it. But the shock of the genocide is not irrelevant for understanding this process. Rather, as we have argued elsewhere (Golooba-Mutebi and Booth, 2013; Booth and Golooba-Mutebi, 2014b), the genocide and civil war helped to usher in a particular type of political settlement resting on a limited power-sharing principle, a strong commitment to development and a deliberate rejection of competitive clientelism. This in turn has permitted the institutionalisation of a more evidence-based or learning-oriented style of policymaking, of which the turn-around and ongoing adjustments in agricultural policy are one of the best examples.

This does not mean that the ideological struggle is worth engaging in only in a limited set of countries with the 'right' kind of political settlement. It does mean that expectations about what is likely to be achieved by inserting clever policy ideas at the right time and in the right places should be moderated by at least this 'softer' version of the political economy argument. This suggests the somewhat platitudinous conclusion that working on ideas is essential, but the way this is done must be sensitive to the institutional and political context. Can this be made less pious and more practical? Another strand of recent discussion suggests that it can. Better agricultural policies in Africa are most likely to arise, as have economic reforms in other world regions, from forms of action that combine injections of fresh evidence-based ideas with clever ways of tweaking the political and economic incentives in play, subsector by subsector.

4

New approaches to reform: politically smart, locally led

Applied political-economy analysis has often been seen as, from an action point of view, a largely negative activity, a dismal science of constraint. However, there is a growing discussion, within and around several international development agencies, about how to use it instead as the guiding thread of new and promising ways of deploying foreign aid to support country-level change. One starting point is the observation that in some parts of the developing world, economic or social reforms have sometimes been successful 'against the odds'; that is, they have happened despite firm predictions based on hard-nosed analysis of the stakeholders and interests in play (Grindle, 2002). This scope for unexpected change seems to arise from the relatively high level of uncertainty that characterises complex change processes. Given uncertainty, successful reforms are typically ones where specific policy challenges have been addressed by well-placed, well-informed actors in a highly adaptive, or learning-oriented, way (Andrews et al., 2012; Andrews, 2013). Aid-funded interventions have often been most effective when they have enabled local actors to take the lead in searching for viable, politically 'smart', solutions to locally recognised problems (Booth and Unsworth, 2014).

According to some of this experience, the key is to empower local reformers to act less as instruments of ambitious donor-promoted schemes and more as self-directed 'development entrepreneurs' (Faustino and Fabella, 2011; Booth, 2014; Faustino and Booth, 2014). Under the right conditions, teams of reform entrepreneurs can facilitate unlikely alliances and exploit uncertainties, time horizons and mixed motives to achieve reforms that have proven completely intractable by other means. Their activities take place, to some extent, under the radar of formal politics and policymaking and involve building alliances of support for specific changes in non-obvious, non-ideological and second-best ways. They involve learning by doing, following the entrepreneurial practice of making 'small bets' on a series of options and avoiding the single large risk. The actors that are motivated to engage in such informal reform efforts can benefit from external funding. But that must be delivered in an appropriate way, perhaps ideally by a suitable intermediary organisation.

The best current examples of this approach are from the Philippines. However, the reform blockages addressed are not fundamentally dissimilar to those described here for Africa. The setbacks encountered in pursuing a 'frontal' approach to economic reforms as practised by the World Bank and donors in Philippines are strongly reminiscent of stalled reforms witnessed in agricultural sectors in countries like Tanzania and Kenya. The other main features of the alternative approach appear replicable. Development entrepreneurship may have been rarely practised in Africa not because it cannot be done, but because the agenda has been too dominated by the formal 'policy dialogue' approach of donors and concessional lenders.

Indigenous networkers operating behind the scenes to achieve second-best, but worthwhile, reform outcomes do not fit easily in the planning routines of official aid agencies. There are, however, at least partial exceptions in Africa to the dominance of conventional donor modalities of policy engagement. Useful agricultural input supply reforms have been facilitated by the PrOpCom project[5] funded by the Department for International Development (DFID) in Nigeria, which, after a slow start, adopted a low-profile, iterative brokering approach. A new market model for fertiliser distribution was developed and demonstrated, allowing over one million farmers to buy an average of 4–5kg of fertiliser. Some of the players in the highly dysfunctional former system were induced to swap rent-seeking for profitable business opportunities. Constrained by policy, a private tractor market barely existed for smallholders. PrOpCom brokered a new type of market, linking an association of tractor-owners, a licensed tractor distributor and a bank providing commercial financing backed by a Central Bank guarantee (DFID, 2011). The State Accountability and Voice Initiative (SAVI), also supported by DFID-Nigeria, is an emerging example of an equivalent approach to coalition-building for reform at a state level (Derbyshire and Mwamba, 2013; Booth and Chambers, 2014).

The suggestion is, then, that some of the political-economy constraints identified in this paper would be more tractable if better ways of working could be found. Those would be modalities that are less restricted by formal agreements and predefined relations with government, and more entrepreneurial in building alliances, including, but not only, inside government, and discovering ways around or through the prevailing political-economic obstacles. Fuller, more regular and more informal interaction with key stakeholders by the right kind of self-motivated, pro-reform actors would be the key.

To be sure, sector stakeholders may have interests that are totally inimical to inclusive forms of development. But, as advocates of the approach known as Making Markets Work for the Poor (http://m4phub.org/) have known for a long time, it can be possible for them to pursue those interests in other ways than they presently do. To give a PrOpCom example, the margins that can be made on a monopolistic concession to distribute a particular agricultural input may appear highly attractive until the option becomes practically available to distribute the same goods on a much larger scale in a competitive market. Stakeholders can and do redefine their interests, or find new ways of pursuing the same interests. They can be helped to do so by politically smart, locally embedded operators.

This is where the role of ideas really comes in. Ideological conversions can happen, but they are usually about leaders coming to recognise new ways of pursuing the same interests. Some role for pure altruism is not completely excluded, but ideas seldom simply **override** interests. Novel ideas, inserted into policy processes at the right time in the right way, may have unanticipated power to get stalled reform initiatives moving again, as key players are incentivised to act in still self-interested, but objectively more progressive, ways.

[5] Since 2012, renamed Propcom Mai-Karfi.

5

Conclusions

This paper has tackled the question of why agricultural public policies in Africa still fall short of technical recommendations and the preconditions for turning current economic growth into an inclusive form of economic transformation. We have reviewed some of the highlights of the literature explaining the orientation of policy in terms of political interests and incentives. This political economy of agricultural policy choice is both compelling and depressing. It is very much needed as a counter to naive beliefs among donors and other practical development organisations about the rapid achievement of policy reforms in this area on the basis of negotiated sector investment plans, conditionalities and policy dialogue with government counterparts.

However, comparative analysis suggests that neglect of smallholder agriculture and efforts to raise productivity in the African countryside is also a matter of ideology. Evidence-based policy debate is relevant. It is also worthwhile: the progress Africa has made since the 1980s is in part attributable to the fact that elites have been intellectually convinced that overvalued exchange rates, excessive industrial tariffs and the like are contrary to their interests. Even though harmful agricultural policies do have their roots in the needs of politicians for discretionary resources with which to reward supporters and punish opponents, over the last few decades some important sources of discretion have been abandoned and others found, with significant benefits to the environment for poverty-reducing growth.

The relationship between policies, policy ideas and self-interested political calculation is evidently not straightforward. That is a reason for seeking more sophisticated, multi-layered forms of diagnostic political-economy analysis. It is also a reason for thinking about which approaches to reformist action are most likely to achieve results. Given the complexity and uncertainty that characterise institutional change and policy reform processes, there is much to be said for an approach to reform that empowers local actors to adopt an entrepreneurial approach to the matter. Rather than trying to steer country policies with formal negotiations and joint planning efforts, international agencies should cease direct engagement and limit themselves to providing the kind of support that attracts and empowers teams of self-motivated local reformers. The efforts of these teams should be iterative, adaptive and problem-driven, or, in short, entrepreneurial. Were this combination to be achieved, the prospects for improving Africa's policy environment for agriculture would be distinctly better than they have been in recent times.

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African countries face serious difficulties in getting the agricultural policies they need to help turn economic growth into economic transformation. Nonetheless, radical pessimism may not be justified for two reasons. By comparing Southeast Asian and African experience in other policy fields, this paper suggests that changing policy ideas may play a role that is not captured by most political-economy diagnostics. Further, it provides evidence that social and economic reforms can be achieved 'against the odds' when local actors are empowered to pursue a politically smart, entrepreneurial approach.

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