
*Political economy aspects of agricultural and
food policy*

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Think development – Think WIDER

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Political economy analyses at WIDER

- Integral parts of many projects, including:
 - The political economy of social protection (189)
 - The political economy of clean energy transitions (44)
 - Foreign aid and democracy in Africa (42)
 - The political economy of food price policy (64)



My main message

A political economy analytical approach is needed to better understand and predict behavior by relevant decision-making groups and recommend action to achieve sustainable healthy diets for all

Behavior of food chain decision-makers

- A sharper focus on the behavior of decision-makers in food and systems
 - Improved understanding of the total decision-making process and decision space
 - Relative power, incentives, regulations, knowled
 - Seek win-wins and trade-offs by group
 - Recommendations based on the decision-makers' reality

Decision-making Groups (1)

- Various parts of government
- Agribusiness sector
- Civil society: citizens and advocacy groups
- News Media
- International agencies
- Intended beneficiaries
- Farmers, consumers

Decision-making Groups (2)

- Food policy analysts and advisors
- Agricultural research organizations
- Foreign direct investors
- Venture capitalists

Behavioral motivations

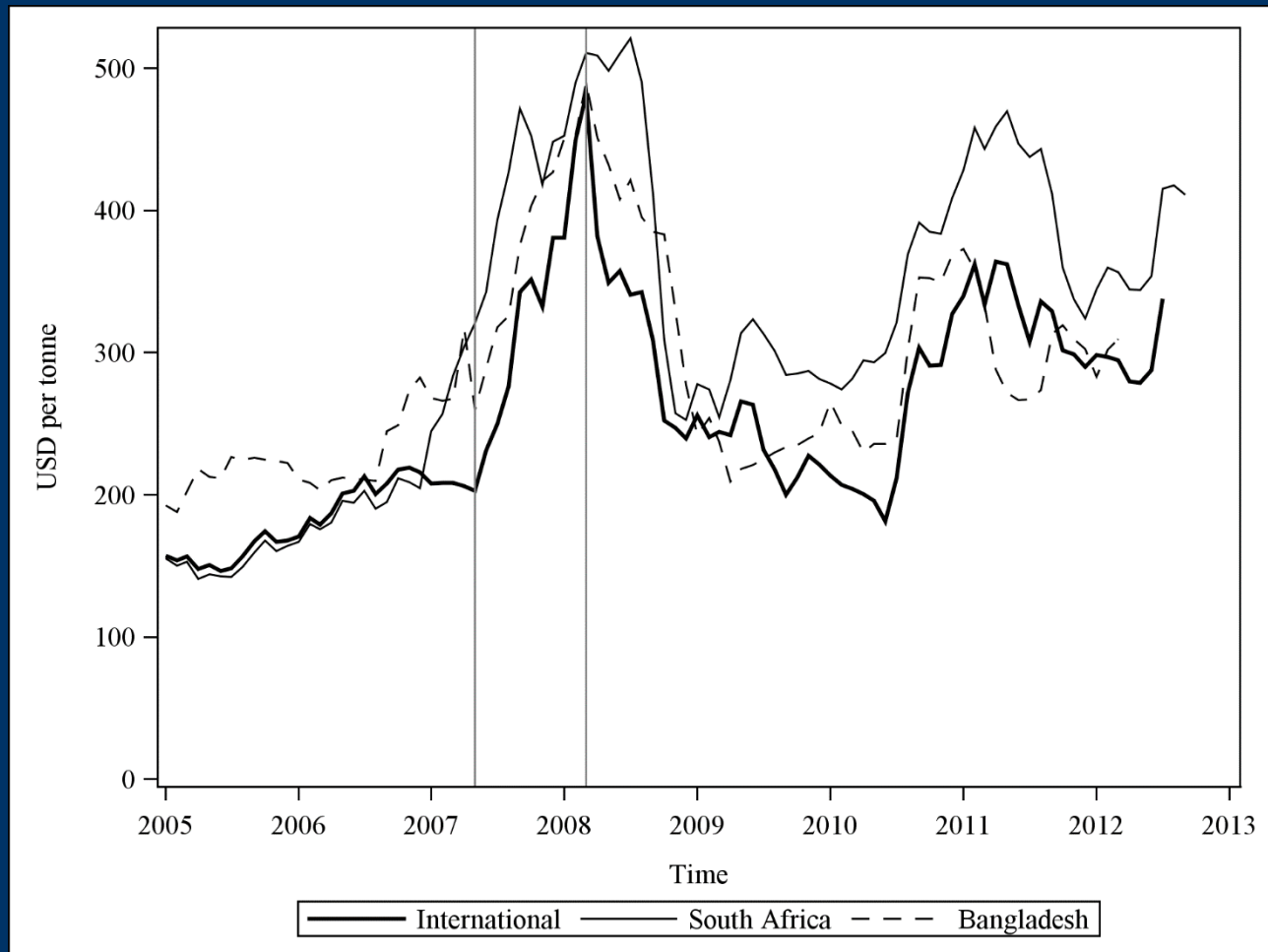
- Utility maximization?
- Legitimacy goals
 - Governments
 - Private sector (Social responsibility)
- Revenue (profit) goals
- Humanitarian goals
 - Protection of food security, nutrition, health.
 - Avoiding deteriorating poverty



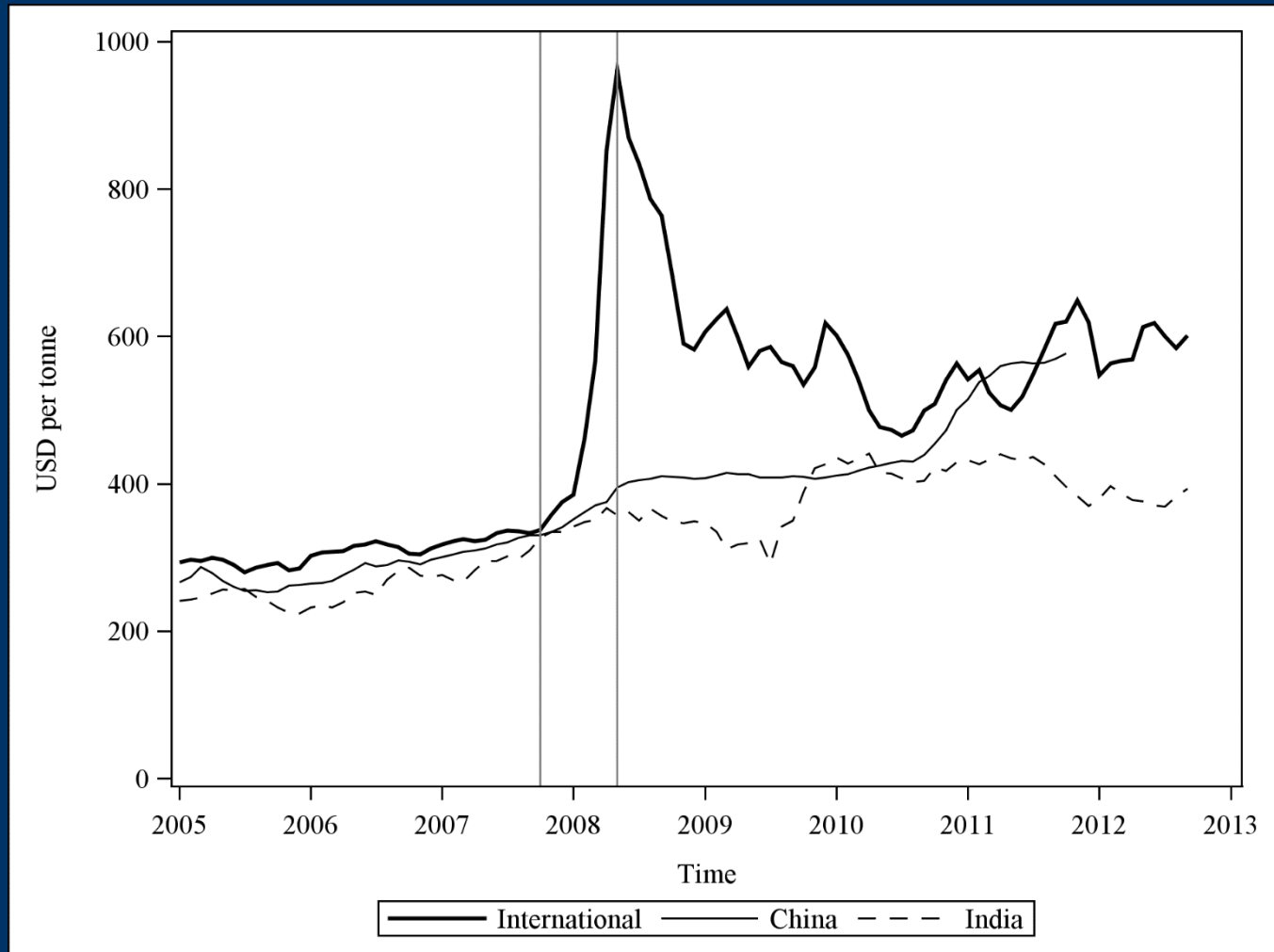
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The political economy of response
to food price fluctuations 2007-
2012: Key findings from a
WIDER network study in 14
countries

Wheat Prices in the World Market, South Africa and Bangladesh, 2005-2012

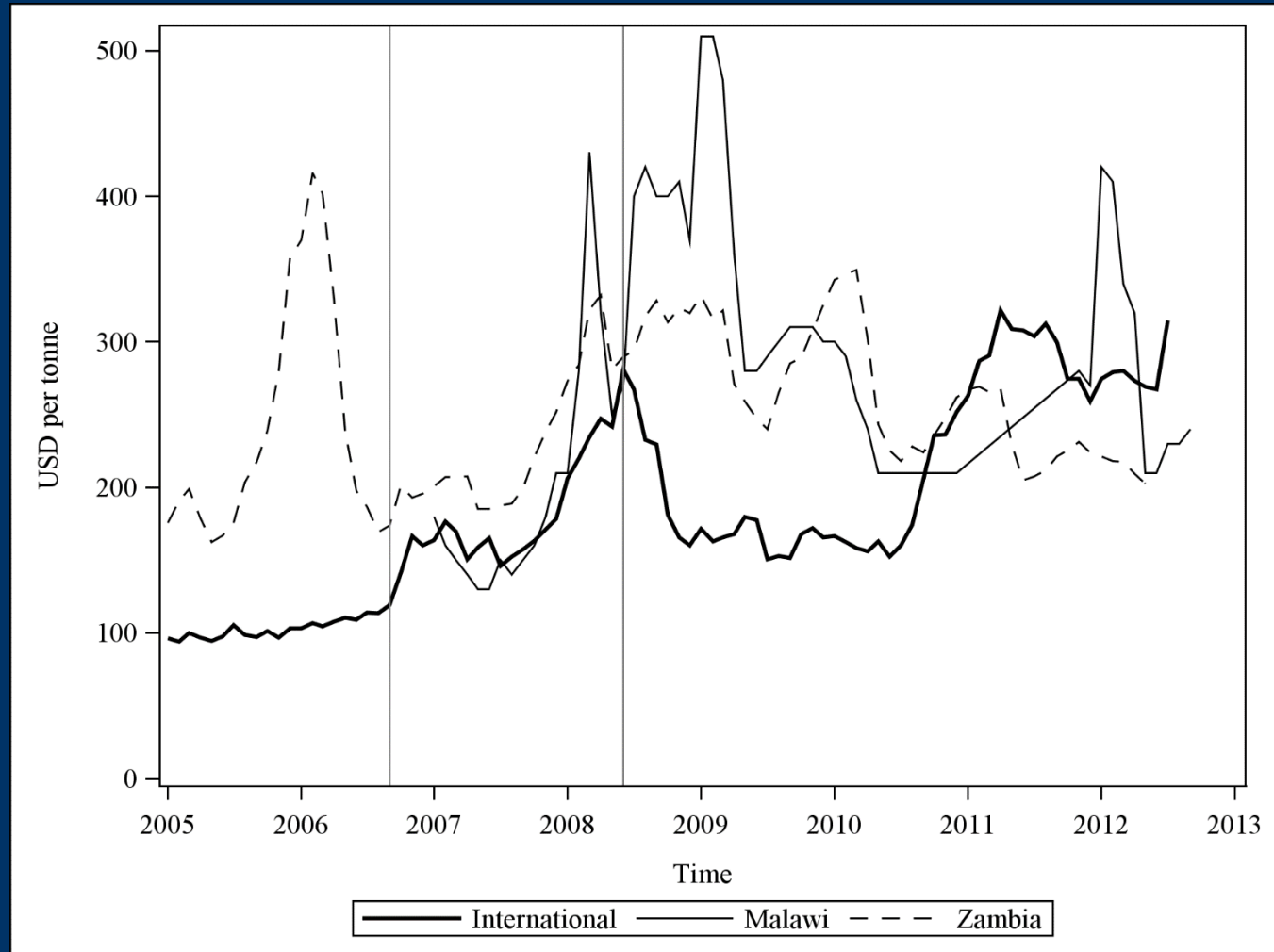


Rice Prices in the World Market, China and India, 2005-2012



Source: Baltzer (2013)

Maize Prices in the World Market, Malawi and Zambia, 2005-2012



Source: Baltzer (2013)

The Behavioral Responses to Recent Food Price Volatility (1)

- Predictions and projections
- News media and books

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- Short-term government interventions



The Behavioral Responses to Recent Food Price Volatility (2)

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- **Price stabilization**

Political Economy Lessons (1)

1. Protecting government legitimacy
2. Pursuing domestic policies irrespective of international consequences
3. Unitary government decision-making is unusual
4. Repeating past or expanding current policies
5. Relative power of stakeholder group varied

Political Economy Lessons (2)

6. Increasing urban bias
7. Smallholders versus larger farms
8. Mutual mistrust between government and the private sector
9. Foreign agencies had little influence

Recommendations

- Protect price signals
- Emphasize targeted compensation over price interventions
- Risk management tools for all system agents
- Seek high levels of price transmission
- Seek low levels of trade restrictions

Recommendations (2)

- Improve management of cereal stocks
- Seek competitive behavior in supply chain
- Strengthen international agreements
- Improve public-private collaboration

Sources

- Per Pinstrup-Andersen (Editor). Food Price Policy in an era of Market Instability. Oxford University Press, 2015.
- <https://www.wider.unu.edu/publication/food-price-policy-era-market-instability>