China’s Agricultural Development and Policies: Are There Lessons for Sub-Saharan Africa?
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Discussion
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Outline

1. A fact not to be overlooked: Rapid economic growth 2000-11
2. African growth: strengths and fragilities
3. Lessons from China: Rozelle-Huang
4. But Africa is not China
5. Relevant lessons from China: policy implications
1. A fact not to be overlooked: Rapid economic growth in SSA 2000-13, not stagnation

Out of the dark years: 1975-1999
2000-10: Both “Bottom Billion” and “Fastest Billion”
This makes the Chinese experience all the more relevant for SS-Africa:


Question is then not lack of growth, but sustainability of growth, more countries in convergence club, and quality of growth
2. African growth: Strengths and fragilities

Sources of growth: Largely endogenous, not neo-mercantilist

<table>
<thead>
<tr>
<th>Average annual growth rates 2000-2011</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
<th>Exports (2000-09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America &amp; Caribbean (developing only)</td>
<td>2.8</td>
<td>3.2</td>
<td>4.2</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Sub-Saharan Africa (developing only)</strong></td>
<td><strong>3.3</strong></td>
<td><strong>4.0</strong></td>
<td><strong>4.9</strong></td>
<td><strong>4.0</strong></td>
</tr>
<tr>
<td>South Asia</td>
<td>3.2</td>
<td>7.9</td>
<td>8.6</td>
<td>14.0</td>
</tr>
<tr>
<td>East Asia &amp; Pacific (developing only)</td>
<td>4.1</td>
<td>10.1</td>
<td>9.9</td>
<td>14.5</td>
</tr>
</tbody>
</table>

SA and EAP: industry and services; neo-mercantilist (exports driven effective demand)

SSA: still highly dependent on agriculture and domestic market oriented
What can be said about SSA growth since 2000?

- **Growth fundamentals** in place: low inflation 7.8% 2011, government deficit < 2% of GDP, public debt < 33% GDP
- **Market-driven investment**: 30% annual growth of FDI that doubled since 2000. Declining dependence on foreign aid. Emergence of financial platforms in South Africa, Nigeria, and Kenya
- **Reorientation of trade** away from colonial powers: China the first trading partner
- **Structural transformation**: Urbanization of 36% of the population. One time opportunity of demographic dividend
- **Social progress**: Extreme poverty rate ($1/day) declined from 42% in 1996 to 34% in 2005. Emergence of a middle-class
- **Progress with governance**: gains in democratic regimes (60%)
But, growth remains fragile, bypassing many countries, and not benefiting many rural poor

- **Large disparities** in growth and per capita income: from South Africa, Gabon, Botswana above $8,000 to Niger, Liberia, Malawi, Ethiopia, Burundi, Congo DR below $400.

- **Civil conflicts**: Armed conflicts in Mali, Somalia, Sudan, DR Congo. Frequent ethnic and religious violence. Millions of displaced and refugee populations

- **Weakness of governance** and endemic corruption

- **Population** pressure and growing numbers of youth with insufficient employment opportunities

- **Extensive poverty**: Non-decreasing number of poor: 260 million below $1/day. 200 million suffering from hunger. One African out of 12 HIV positive. Falling life expectancy (45 SA)
3. Lessons from China: Rozelle-Huang

The do list for SS-Africa
Role of incentives: investment climate and secure property rights
Role of markets: Integrated domestic markets
Role of the state: Public goods in support of private investment
Role of incentives for public officials: Performance-based pay

The don’t do list for SS-Africa
Do not constrain rural-urban labor mobility
Do not under-invest in rural health and education
A reinterpretation of China’s main two lessons for African growth:

1. **Agriculture**: Productivity growth in *smallholder agriculture* at early stage of growth, driven by market-based incentives and public support

2. **Governance**: strong *leadership* and capable *public administration*, from central to local
4. But Africa is not China
Africa’s similarities with China at the stage of early growth
  • Large smallholder population: agriculture-based countries
  • Potential neo-mercantilist model: export-based growth
Africa’s weaknesses relative to China
  • 48 countries, often landlocked and ill-designed
  • Rainfed agriculture with heterogeneity of agro-ecologies and fragmented institutional contexts: lacks economies of scale
  • Late late-comer: global competition, integrated value chains, climate change
  • Weak governance
Africa’s advantages over China
  • Population: dividend, youth, still low population density
  • Land and water abundance. Mining and petroleum reserves
  • Relevance of Brazilian experience: Smallholders and Serrado
5. Relevant lessons from China: Policy implications

Based on Rozelle-Huang

- Need a comprehensive strategy for smallholder farmers: invest more in agriculture (only 8/36 countries meet the CAADP 10% goal) and support smallholders
- Need address the problem of governance in support of agriculture: national and regional support to governance
Policy implications beyond Rozelle-Huang

- Due to weakness of governance (e.g., customary chiefs, corruption), need give greater roles to:
  - The private sector (agro-dealers for local heterogeneity)
  - Organized civil society (producer organizations, not customary authority)

- Manage the complementarities between small and large farms: Learn from Brazil’s comprehensive dual strategy

- Need prepare rural populations for a successful structural transformation: employability in the urban environment and successful structural transformation

- Resist the temptation of neo-mercantilism instead of seeking a late/difficult escape toward the domestic market as China: pursue growth with equity

END
Appendix

How both China and SS-Africa depart from the normal pattern of structural transformation, 1961-2003