

STATE POLICIES IN PRODUCTION, MARKETING AND PRICING OF FOOD GRAINS: THE CASE OF ETHIOPIA

By

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I. – INTRODUCTION

The aim of this paper is to review recent government policies in production, distribution and consumption of staple crops in Ethiopia. It will be difficult to discuss all aspects of these policies in this concise paper. However, attempts will be made to show some implications of the policies for the agricultural sector.

Before we embark on state policies in food grains, it is necessary to give a general background of the agricultural sector and role of the state in the development of this sector.

II. – STATE AND AGRICULTURE IN ETHIOPIA: AN OVERVIEW

Agriculture is the most important sector of the Ethiopian economy. It accounts for about half of the GDP (47% in 1980/81) and over 90% of foreign exchange earnings. It is also the mainstay for 85% of the total population (estimated to be 31 million in 1980). The agricultural labor force is estimated to be 10.6 million and constitutes about 79% of the total labor force in the country.

Of the total available agricultural land (i.e. 84 million ha.) 8.5% is under cultivation. 78 percent of the cultivated land is under cereals. Whereas the rest is under pulses, oilseeds and permanent crops. On this basis, 84% of crop production is the production of cereals (see Appendix A).

Out of the total cultivated land, 94.7% is under private peasant holdings in fragmented form (i.e. up-to 10 parcels, each below one hectare). The rest of the cropland is divided among state farms, cooperatives and settlement farms (see Appendix B). The peasant sector, by far, produces 88.7 % of total crop production. By the same token, the Ethiopian agriculture is of a peasant type and crop production is predominantly that of cereals.

In Ethiopia, the production of cereals under peasant sector is basically for subsistence. Hence, the marketable surplus is estimated to be low. According to the Ministry of Agriculture, the marketable surplus of cereals in 1977/78 was 11.4% for teff, 10.1% for barley, 6.9% for maize, and 8.5% for millet. For wheat and sorghum, it is estimated at 17%, which is relatively higher than for others. The low marketable surplus of most cereals is explained by the low agricultural productivity in the peasant sector. The sample survey of major crops (1974–78) by the Ministry of Agriculture indicated that the average yield for wheat and maize is below the average

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for the developing countries. (i.e. 903 Kg/ha for Wheat and 1221 kg/ha for maize in Ethiopia). Several reasons have been listed as factors of low agricultural productivity in the peasant sector. Among these we may note the land tenure system before March 1975, land fragmentation, minimal use of modern inputs, inefficient traditional techniques, non-usage of irrigation and low investment.

Unlike many African countries, policy-makers in Ethiopia have played an active role in the transformation of the peasant agriculture. In this respect, some of the major radical measures taken by the Provisional Military Administrative Council (PMAC) since the February 1974 Revolution are mentioned below.

II.1 – Land Reform

The land proclamation of March 1975 nationalized all agricultural land and abolished feudal-tenant relationship. This was the initial political and economic step taken by the PMAC to alleviate the problems of tenants. This land reform not only enabled tenants to be owners of their farmland (up to 10 ha. of land had been distributed for each) but also urged them to increase production. Since the taxes and tributes that tenants used to pay for landlords were cancelled (1) by the proclamation, the tenants could realize the fruits of agrarian change through an increase in farm incomes. The peasant association organization and consolidation proclamation issued by the PMAC at the end of 1975 also provided the basis for the formation of peasant associations (one PA to be formed by peasants living in 800 ha.). For the implementation of this policy, the government gave directives to Zemecha participants (i.e. high school and university students and teachers) in the «Development Through Cooperation Campaign» and to the Revolutionary Administration and Development Committees set up at different levels of administrative hierarchy. As a result, 5.6 million peasants have been organized in 19,496 PAs up to 1982.

II.2 – Cooperativization of the Peasant Sector

The PMAC measures for socialist transformation of rural areas have not been limited to the nationalization of agricultural land and the formation of PAs. Since 1975, the PMAC has been committed to the policy of encouraging cooperative formations. The peasant association organization and consolidation proclamation provided that no less than three and no more than 10 PAs should be organized into a cooperative society. Later, in 1978, the PMAC adopted a new cooperativization policy as a major instrument (also for solving the problem of land fragmentation) for the socialization of the rural economy. The execution of the cooperativization policy is witnessed by the organization of 4.6 million peasants (represented by 16,113 PAS) into 3651 service-coops by 1982. The policy stipulated that agricultural service-coops are transitional institutions and are to be replaced by the advanced forms of «Communes». These are agricultural producers' coops, viz. «Malba», «Welba» and «Weland», the last one being the most advanced socialist type. By August 1982, there were 1011 agricultural producers' coops representing 60,176 peasants in the country.

The government recognized that agriculture will continue to be the leading economic sector. Therefore, it is doing all efforts to organize peasants into producers' coops. The agricultural producers' coops have been given much attention by the state hoping that they generate the bulk of agricultural production (2).

II.3 – Agricultural Credit Services

Before the land reform, agricultural credit was catered predominantly to the interests of landlords. For instance, one criterion to obtain loan from the AID Bank was the ownership of a land of 10 ha. But, in May 1976, the PMAC issued a new credit policy favouring the nationalized state farms and the emerging agricultural coops (3). Indeed, over 85% of the total approved credit for the agricultural sector has been directed to the mechanized state farms. Whereas only 11% have been received by the agricultural coops. The loan received by the coops, in most cases, has been used for the purchase of oxen, tractors and improved inputs. It was also said that some PAs in 13 regions obtained a sum of 55,152.00 birr loan from the AID Bank from 1971 to 1979. But they were unable to pay back about 40 % of the loan at the expected time (4).

II.4 – Investment in Agriculture

From 1977/78 to 1981/82, capital expenditure in the agricultural sector has increased by an average growth rate of 54.1%. The 1977/78 expenditure was 209.65 million birr. Whereas in 1981/82 it rose to 340 million birr. According to the Ministry of Agriculture, 38% of the budget was used for investment and 62% for working capital and salaries. Also, the first draft of the Ten Year Development Plan of Socialist Ethiopia (1980/81–1989/90) indicated that 25% of the total capital expenditure will be allocated to agricultural development. By and large, Ethiopia will probably be the first among only a few African countries to allocate a significant proportion of their total budgets to the agricultural sector.

III. – FOOD PRODUCTION POLICY

In the peasant sector, various staple crops are produced. Among cereals the most important are teff (5), barley, wheat, maize and sorghum. From pulses, chickpeas, horse beans, field peas and lentils are used as supplementary foods. Teff is, by far, the most widely produced crop in the so-called «grain surplus regions», viz. Gojjam, Arsi, Shoa, Gondar and Wello. The sample survey of land utilization by the Ministry of Agriculture (1974–78) indicated that 26% of the total cropland is under teff. The peasant farmers like producing it for various economic reasons, one being the sale of surplus to urban areas for consumption. Traditional injera made of teff is the most common diet for the urban population. The fact that teff is being consumed by the fast growing urban population (6.6 of per annum) has concerned the government to give more emphasis to its production than any other cereal grain.

Since the severe drought and famine of 1973/74, the need for increased food production has been listed among the priorities and steps to be taken by the PMAC. As noted under section 2.1, the land reform has stimulated the peasant producers to raise crop production. Therefore, in 1975/76, total food production was 15.4% higher than in 1974/75. This was promising but the same growth rate could not be maintained in the following two harvest years (table 1).

Table 1 – Food Grain Production (1974/75 – 1977/78)

Year	Cereals		Pulses		Oilseeds		Total	
	('000MT)	% change	('000MT)	% change	('000MT)	% change	('000MT)	% change
1974/75	3,975	—	568	—	41	—	4,584	—
1975/76	4,699	18.2	462	-18.7	130	217.1	5,291	15.4
1976/77	4,340	-7.6	624	35.1	73	-43.8	5,036	-4.8
1977/78	3,975	-8.4	515	-7.6	87	19.2	4,577	-9.1

Source: NRDC & CPSC (Unpublished data).

As indicated in table 1, total food production declined by 4.8% in 1976/77 and by 9.1% in 1977/78. Several reasons have been given for the decline of food production: According to Holmberg (1977), fall in the consumption of chemical fertilizers due to price increase and removal of active labor force from farms to organize peoples militias during the Ethio-Somalia War, might have reduced food output in the peasant sector. For instance, in the 1973/74 crop year, the peasants were able to buy only 60.1% of the fertilizer supply and by 1978/80, this has dropped to 47.7% (for further discussion, see section 4). Besides, the distribution and redistribution of land after the land reform has increased land fragmentation which also reduced agricultural productivity (Fassil G/Kirros, 1980). Since the redistribution involved only land and not other means of production, peasants lacked vital farm inputs like oxen, ploughs, etc. (Dessalegn Rahmato, 1982).

The decline in food crop production consequently resulted in 84% fall in the total marketed grain surplus (table 2), and hence a serious shortage of food occurred in major urban areas like Addis Ababa (6).

Table 2 – Supply of Major Food Crops to Addis Ababa (in quintals)

Year	teff	barley	wheat	maize	sorghum		Total
					millet		
1976	669,918	194,607	458,949	416,088	130,932		1,870,494
1977	678,191	253,574	368,282	505,904	117,774		1,873,731
1978	581,165	53,553	252,143	640,501	46,234		1,573,636
% change	-86.8	-27.5	-54.9	110.7	-35.3		-84.1
1978/1976							

Source : National Bank of Ethiopia, 1981.

Table 2 shows that the decline in supply for two years was high for important food crops like teff and wheat. The shortage of these crops in cities like Addis Ababa has been accompanied by price inflation and black market (this is further discussed under 4.2). Moreover, food import, in particular wheat, increased from 60,100 MT in 1976 to 76,000 MT in 1978.

To reverse this trend and its concomitant side-effect, the government – in October 1978 – launched a new program known as «National Revolutionary Development Campaign» (NRDC). To direct the campaign in a more centralized way, the Central Planning Supreme Council (CPSC) was established in the meantime. The council is empowered to set priorities, to mobilize the human, financial and material requirements of the campaign. To alleviate food shortage by boosting production was one of the short-term objectives of the NRDC. By this, we understand that the government has given priority to food production.

In the First Year Development Campaign, the target was to produce 5,699.2 MT of food. The report of the first year campaign indicated that 82.3% of the target was actually performed. Thus, total food production raised to the level of 3.2% in 1978/79. In 1979/80, the level was raised to 13.3%. However, in 1980/81, it decreased to the level of 8.4%.

At this juncture, it is worth mentioning that the increase in food production during the first two years of the campaign (1978/79 and 1979/80) was mainly due to the good performance of the state farms in food crop production. The ultimate goal of state farms is to specialize in the production of exportable cash crops and industrial raw materials. But, in the campaign years, they also had to produce food crops in order to reduce food shortages by filling gaps created by the under-production of food crops in the peasant sector. As indicated in Appendix B, state farms had increased food production from 1.3 million quintals in 1977/78 to 5.5 million quintals in 1980/81. In 1980/81, the production of cereals by state farms constituted 75.3% of total crop production. This is evidence that the state has given more weight to the production of staple crops.

In spite of all gallant efforts done to boost food production, the country could not relieve from shortage of staple crops. As a result, the consumption of food grains remained below the world standard (for instance, 357 grams/person/day in 1978 and 350 grams/person/day in 1979). According to the CPSC, the average food consumption in 1980 was below internationally accepted daily famine ration (i.e. 400 grams/person/day).

IV. – MARKETING AND PRICING POLICIES

Until 1976, the government's intervention in grain trade was minimal. The Ethiopian Grain Corporation (EGC) established in 1960 – in charge of price stability and import/export of grains, functioned as a regulatory body and had only 5 percent market share in grain trade until 1975. Over 90 percent of all the grains in the market system were, therefore, sold through private channels by grain dealers (7). In the absence of a pricing policy for food grains also, prices were determined by market forces and most peasant producers were in a weak bargaining position vis-à-vis the grain dealers.

In 1976, a new agency for the grain trade, the Agricultural Marketing Corporation (AMC) was set up by proclamation (PMAC, Procl. No.105 of 1976). The AMC absorbed the functions of the EGC and started its grain marketing operations with the following specific aims (8):

- a) strengthen the socialization process in grain trade
- b) stabilize the prices
- c) encourage production through price incentives
- d) insure adequate supplies of grain for the public distribution system.

The functions of the State Trading Corporations (STCs) were coordinated with the activities of the agricultural service coops. In this way, the AMC supplies chemical fertilizers, pesticides and improved seeds to service coops on credit basis, whereas the service coops have to deliver grains to the AMC at fixed producer prices and on a quota system. With regards to the distribution of industrially manufactured items, the service coops have to take basic manufactures from the Ethiopian Domestic Distribution Corporation (EDDC) (9) and distribute them to their members at fixed retail prices.

In the last six years, the AMC has been purchasing grains from peasant associations, agricultural cooperative societies, state farms and grain dealers through quota delivery system. It has also been competing with private traders in free market to purchase over-quota grains from peasants. Up to 1980/81, each peasant association had delivered a minimum of 100 quintals of its produce every year. But, for 1980/81, the quota was raised to 150 quintals. The price levels, however, remained unchanged for the increased quota. The AMC has received whatever is supplied from agricultural cooperatives and state farms. From grain dealers, each licensed grain trader has been supplying 50 percent of its grain purchases every year to the AMC. The balance has been going to the private grain trade sector. Those traders who failed to fulfil quota requirements were banned from the market system. Illegal inter-regional movement of grain by private traders has been restricted. The share of the AMC in the grain market is increasing at fast growth rate (30% in 1979/80, and 50% in 1980/81). This has been achieved by the control of black market and by an increase in lower limit of quota delivery for peasant associations. In some grain-surplus regions (for instance Gojjam) the government has monopolized the grain market by 1982.

Table 3 indicates grain supply by different sources to the AMC in three years.

Table 3 – Grain supply to the AMC (Quintals)

Source	1979/80	1980/81	1981/82	% increase (1981/79)
Agricultural Service coops	252,245	579,500	870,318	345.0
Agricultural producers' coops	13,242	53,389	82,383	622.1
Peasant Associations	592,547	89,167	149,376	-25.2
State Farms	23,232	29,047	NA	NA
Private traders	1688,246	1,505,824	1,962,575	116.2

Source : AMC, 1982

Although the AMC has been able to increase its purchases, it could not adequately supply the urban areas and the grain deficit regions with food grains. As indicated in table 2, the supply from peasant associations has declined by 25.2% in two years. This is mainly because the AMC has not succeeded in attracting peasants. The share of purchase from PAs remained below 5% of the total purchase. The AMC procurement points do not accept the grain unless the PAs deliver the amount allocated by the quota or even if they accept the grain, they do not pay for the amount until the quota is met. This has created difficulties of settling payments between the PAs leaders and the AMC agents. The other problems of the AMC in grain markets have been the lack of transport network to those PAs in remoter areas and the logistic problems to retain the over-quota grain flow to numerous local markets.

Between 1977 and 1980, there were no fixed prices for buying and selling food grains. Prices were set every year, in each administrative region according to the decisions made by the representatives of the AMC and members of the «Grain Purchasing Task Force» (10). As the decisions of the AMC and the task force varied from region to region, there was no uniform pricing.

But after 1980, a nation-wide pricing system was adopted by the AMC, to fix producer wholesale and retail prices. Under the present scheme, peasants throughout the nation receive the same farmgate prices. The selling price (in Appendix C) is fixed and based on the marketing costs. The cost-build up of cereals indicates that over 40% of the marketing cost is that of transporting grains from AMC branches to Addis Ababa (11). A 5% AMC profit margin is also added to the cost estimate.

The AMC prices for producers, remain however rigid and below the market prices of grains. For instance, the AMC average producer price for teff in 1981/82 was 41.00 birr/quintal and the wholesale price was 80.00 birr/quintal. But the retail price in private shops of Addis Ababa was 120.00 birr/quintal in the same year. This means that peasant producers obtained only 34.2% of the consumer price as actual value of their produce in that year. Market prices of grains have been higher than AMC prices even at farmgate or local market level (see table 4 below).

Table 4 — AMC producer prices and market prices of food grains 1981/82

Crop	Average AMC producer price birr/quintal	Average market price birr/quintal	The market price-AMC price ratio
teff	41.00	47.50	1.15
wheat	36.00	42.50	1.18
barley	31.00	35.00	1.12
sorghum	26.00	30.00	1.15
maize	21.00	32.00	1.52
field peas	38.00	46.00	1.21
horse beans	30.00	34.75	1.15
haricot beans	48.00	50.00	1.04

The peasant reaction to lower AMC producer prices than market prices was strong. They showed reluctance to sell over-quota grains to the AMC in local markets, and even tended to withhold their grain from markets, but instead, sold it to private traders at home and this encouraged black market, grain shortage and price inflation.

Also, the price of fertilizers, (Dap and Urea) exceeded that of the grains paid by the AMC significantly. Table 5 indicates that the barter terms of trade has not been favourable for grain producers like those producing teff.

Table 5 suggests that the barter terms of trade was worst in 1980, the year in which the number of farmers using fertilizers declined from 372,220 to 350,104 (Ministry of Agriculture, 1981/82). This means that some 6% of those peasants who used fertilizers in the previous years abandoned using it that year. Between 1977 and 1980, the price of fertilizers had increased by 60% average growth rate whereas that of AMC producer

Table 5 – Net barter ratio of fertilizer to teff

Year	Average cost of fertilizer Dap & Urea birr/quintal	Average cost of teff birr/quintal	Net barter ratio
1977	55.00	38.00	1.4
1978	65.00	38.00	1.7
1979	85.00	40.00	2.1
1980	100.10	41.00	2.4
1981	80.00	41.00	2.0

price for teff increased by 36% average growth rate. Hence, the high rate of price increase for fertilizers tended to reduce fertilizer consumption and then agricultural productivity (under section 3, it has been mentioned that food production in 1980 decreased to 8.4% level from 13.3% in 1979). According to the AMC annual field reports, those farmers who used fertilizers also reacted to the galloping price of those fertilizers in different ways. Some of them deliberately delayed the delivery time for quota-grain. Others did not like to deliver high quality teff (e.g. white teff) to the AMC and hence mixed low quality with high quality to fulfil quotas. Moreover, they delivered low value crops (e.g. maize) as substitutes for high value crops claiming that they had not produced teff. In table 2, we have seen that maize ranks first among the food grain delivered to the AMC. This has put some doubt on the demand side that some farmers would switch from producing high quality grains to low quality grains as their reactions to producer prices became strong.

It was initially felt that the government intervention in grain trade would stabilize producer and consumer prices. But this could not be achieved due to the presence of the private sector. In rural areas, private traders offered attractive prices to producers. Whereas in urban areas low income people spent most of their income on food purchase (e.g. 70% by a daily labourer) (12).

Because the AMC prices had not served the interests of the producers, in 1982/83, the government has made an increment of 2.2% on the producer prices of teff and sorghum. In fact, this suggests that the government has realized that price rigidity for high quality grains like teff had reduced producers' incentive; many peasants are aware of the fact that they have benefited less from price increases of food grains in urban areas. The effects of such changes in pricing policy will probably be good. But, one has to wait and see what the result will be in the coming harvest years.

V. — CONCLUDING REMARKS

This paper has attempted to show the nature of state policies in agriculture and food in Ethiopia.

With the overall objective of socializing the economy, the Ethiopian government has shown meaningful efforts to change the traditional peasant sector. The attempts made in the implementation of the land reform and cooperativization as well as the good will to increase investment in the agricultural sector are clear evidence that the state has played an active role in agrarian transformation.

Our analysis of state policies in food grain production has also revealed that government policy in food production has been flexible for the last eight years. The elimination of food grain shortage by boosting production is still one of the major objectives of NRDC to be fulfilled in short-term plans.

Whereas the pricing policy for food grains has been less flexible in a sense that the AMC producer prices did not show significant changes while that of the private sector was galloping. To encourage production through price incentives is one aim of the AMC. But, in the last few years, the AMC producer prices remained unchanged and below the prices in free market. Moreover, the cost of fertilizers has been higher than that of food grains. The rigid AMC prices have therefore paved the way for black market, prices increases and shortage of food in urban areas because the PAs have shown less incentive to deliver more quota and over-quota grains to the AMC. In other words, the pricing system that the AMC has adopted for the last four years has created disincentive in peasant production. This would be one reason why the country still could not relieve from food shortages in spite of government efforts to encourage food production through non-pricing mechanisms. In fact, the case suggests that some adjustments have to be done in the present levels of producer and consumer prices for food grains. Moreover, it should be understood that the uniform price policy for food grains penalizes those farmers in remoter or less fertile areas and at the same time discourages crop specialization to exploit natural resource advantages of different regions.

Finally, I would like to mention that field studies have to be conducted on production and consumption patterns of food grains, on farm-gate/local market prices, and on market behaviour of grain producers, traders and consumers. Lack of such vital data prevents planners from formulating an appropriate pricing policy.

APPENDIX A
Estimates of Area and Production of Major Crops (Whole Country)
 (Area in thousands of hectares and production in thousands of quintals)

	1977/78		1978/79		1979/80		1980/81	
	A Area	Production	B Area	Production	C Area	Production	D Area	Production
Cereals	4,618.6	39,746.5	4,863.6	41,521.6	4,869.7	48,285.7	5,150.3	52,326.6
Pulses	629.3	5,148.9	652.0	4,707.7	695.2	5,73.4	706.5	5,465.9
Oilseeds	212.0	856.5	236.0	834.4	275.8	1,233.2	233.2	990.9
Others	30.0	27.6	34.8	792.6	497.2	3,195.4	6,607.1	3,845.3
Total	5,489.9	46,479.5	5,786.2	47,856.3	6,337.8	58,477.7	6,607.1	62,628.8

Source: National Bank of Ethiopia, *Annual Report*, 1981, p. 9.

APPENDIX B
Estimates of Area and Production of Major Crops – by Farming Sectors
 (Area in Thousands of Hectares and Production in Thousands of Quintals)

	1977/78		1978/79		1979/80		1980/81	
	A Area	Production	B Area	Production	C Area	Production	D Area	Production
Peasant (private) Sector	5,392.3	44,822.3	5,594.1	45,108.8	6,057.4	54,467.4	6,254.2	55,522.7
State farms Sector	54.9	1,345.4	146.1	2,417.3	230.9	3,365.8	261.8	5,530.2
Co-operative Sector	42.7	311.8	46.0	330.2	7.7	197.4	25.6	745.5
Settlement farm Sector	—	—	—	—	41.9	447.1	59.5	830.4
Total	5,489.9	46,479.5	5,786.2	47,856.3	6,337.8	58,477.7	6,601.1	62,628.8

Source: National Bank of Ethiopia, *Annual Report*, 1981, p. 11.

APPENDIX C
Average Annual Wholesale Price of Food Grains

Crop	1976	1977	1978	1979	1980	1981	1982
teff	46.52	56.52	66.00	80.00	81.3	80	61.9
barley	26.68	30.78	32.00	51.00	53.5	51.56	51.56
wheat	38.16	37.17	39.40	66.00	68.5	66.00	59.60
maize	23.55	28.02	29.00	38.00	30.00	44.00	38.91
sorghum	27.81	29.42	44.00	56.5	56.00	55.00	45.81
chick peas	37.88	35.03	N.A.	55.00	52.00	58.00	51.56
field peas	35.17	41.00	45.00	53.5	65.5	61.00	60.75
horse beans	30.69	34.94	N.A.	55	40	46	49.27

Source: CSO, Statistical Abstract for various years and Agricultural Marketing Corporation.

FOOTNOTES

1. In Pre-1975 period the landlords used to appropriate up to 75% of crop production as rent. Hence, the tenants had little incentive to increase production.
2. Since 1979/80, special attention has been given to peasants in resettlement farms because they have shown higher productivity (for example, 1274Kg/ha. for wheat) than the rest of peasant sector.
3. According to the new Credit Policy, the AID Bank has been giving over 60% of the bank loans to the agricultural sector. The amount of credit has increased from 8 million birr in 1977/78 to 19 million birr in 1981/82.
4. The failure of peasants to pay back the bank loans has been attributed to drought and counter-revolutionary activities in some regions.
5. Its scientific name is *eragrostis teff*. It resembles grass and is used as forage crop in various parts of the world. But, it is the most important cereal food crop only in Ethiopia.
6. In Ethiopia, the market dependent population for food is estimated at 6 million. Out of this, 4 million is urban population and 30.5% of the urban population lives in Addis Ababa.
7. In 1975/76, the number of grain dealers in the whole country was estimated to be 25,000.
8. According to a new grain procurement guide by the CPSC, the operation of the AMC has been divided into 5 zones, 18 branches, 121 purchase stations and 675 procurement points.
9. This is one of the biggest state trading corporations for managing and operating government undertakings in the distribution field. It was set up in 1975.
10. The task force is composed of representatives from the Ministry of Domestic Trade and Ministry of Interior.
11. AMC involves in higher cost of transport while purchasing grains from distant centers. To set the wholesale price, the average cost of transport between far and near centers is used as a factor of cost estimation.
12. Over 50% of this is supposed to be spent in the private sector due to inadequate rationing by public shops.

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RESUME

La crise que traverse le Développement rural dans les pays africains a suscité des réactions différentes de la part des chercheurs et des décideurs. Les premiers situent les raisons à divers niveaux : la division internationale du travail, le transfert de technologie, les politiques agraires suivies par les dirigeants africains etc... tandis que les seconds accusent le contexte international et les aléas climatiques. Dans cet article A. LIRENSO étudie l'impact, sur les masses éthiopiennes, des mesures prises ces dernières années par les autorités éthiopiennes dans les secteurs de la production, de la commercialisation et de la fixation des prix des produits agricoles destinés à l'alimentation.

Après avoir passé en revue les rapports entre l'Etat et le secteur agricole dans la première partie, rapports qui ont conduit successivement à la réforme agraire, à la création de coopératives dans le secteur paysan et aux différentes formes d'investissement mises en œuvre par l'Etat, l'auteur aborde le problème de la politique de l'Etat en matière de production vivrière. Cette politique selon l'auteur a été très souple au cours des huit dernières années. Cependant si le problème de pénurie de denrées alimentaires doit être résolu dans le court terme, des efforts doivent encore être faits par les dirigeants de la Campagne Nationale de Développement Révolutionnaire (NDRC) pour augmenter la production.

La politique des prix au contraire n'a pas été suffisamment souple car les prix au producteur tels qu'ils ont été établis par l'Agence de Commercialisation des produits agricoles n'ont pas connu d'évolution significative alors que ceux pratiqués par le secteur privé augmentaient rapidement. Ce facteur ajouté au prix élevé des engrais a favorisé la création d'un marché noir, l'augmentation des prix et la pénurie des denrées alimentaires dans les zones urbaines parce que les associations de paysans ne se sentaient pas encouragées à livrer leur surplus à l'Agence de commercialisation.

L'auteur estime en conclusion que des réaménagements sont nécessaires dans le rapport des prix au producteur et prix au consommateur surtout lorsqu'il s'agit de la fixation des prix aux paysans vivant dans les régions éloignées ou peu fertiles.