

Neoliberalism, Corporate Power and The Politics of Exclusion in Malawi's Tobacco Sector

Abstract

Malawi's adoption of Structural Adjustment Programmes heralded the beginning of an era in which the exclusion of smallholder farmers was expected to be moderated. Initially, smallholder farmers were legally prohibited from growing high value crops such as burley tobacco which was reserved for the elite-dominated commercial estate sector. Additionally, the State syphoned resources from smallholder farmers for investments in estate agriculture. Thus the liberalization of the sector was considered as key to counteracting the exclusionary politics that was directly linked to the pervasive, deep and severe poverty that was, and continues to be, a feature of the country's economy. Eighteen years since the production of burley tobacco was liberalized, this paper, which culminates from a predominantly qualitative study that was conducted in central Malawi, interrogates the extent to which the paradigm shift towards a neo-liberal regime has delivered on its economic justice imperatives. Using theoretical recourse from Steven Luke's First Dimension of Power, the paper argues that the neo-liberal drive has merely facilitated the transformation of a political elite that was excluding smallholder farmers at the production phase of the tobacco value chain; into a corporate elite that is exploiting them at the marketing phase of the value chain.

Key Words: Politics, Neoliberalism, Corporate Power, Exclusion, Malawi

Introduction

Unlike most African countries that were pre-occupied with import substituting economic strategies soon after attaining independence, Malawi under first President Hastings Kamuzu Banda pursued an export-oriented agro-based development strategy. This was the case at least until the early 1980s. Export agriculture was propagated through large scale estate farmers while subsistence food production was dominated by smallholder farmers. In the context of that duology, there existed a bias that favored export agriculture at the expense of import substituting subsistence farming (Cammack, 2010). The bias in favor of export oriented estate production took many forms. For instance, the 1967 Land Act allowed for a one-way transfer of land from the smallholder sector to the estate sector (Prowse, 2013). Thus on the basis of willing-buyer-willing seller, about 1 million hectares of land were transferred from the smallholder sector to the estate sector at what Harrigan (2003) describes as modest levels of compensation. Additionally, smallholder farmers were legally forbidden from growing high value cash crops reserved for estates, notably burley tobacco (Chirwa, 2011). Furthermore, the State syphoned finances from smallholder farmers through a monopolistic State marketing board; the Agriculture Development and Marketing Corporation (ADMARC), which channeled its profits into development of estate agriculture through research and extension services. However, through the same ADMARC, the State cross-subsidized maize production with a universal fertilizer subsidy programme which ran under the guise of promoting human welfare (Prowse, 2013).

Thus the period soon after independence was characterized by controlled participation in Malawi's tobacco sector. The economic explanation given by the governing political elite of the time was that the Government intended to control quality and quantity of tobacco on the market in order to attract high prices. However, numerous scholars have dismissed this explanation on the premise that the strategy was merely a ploy for the political elite to consolidate their powers over the majority subsistence farming population (Prowse, 2013; Chinsinga, 2007). For instance, by placing the responsibility of identifying farmers that qualified to become a "Mchikumbe" or "master farmer" a

term used for tobacco producers at the time, on the Malawi Congress Party and not the Ministry of Agriculture this paper argues that the tobacco industry had become a significant source of patronage through which Kamuzu Banda rewarded his political loyalists while excluding the rest of the smallholder farming population. Secondly, considering that the political elites were heavily involved in the production of tobacco¹, by using ADMARC to finance estate agriculture, the political elites were essentially financing their own business interests at the expense of smallholder farmers who were confined to subsistence farming. Consequently, the state-led development strategy that characterized Malawi's economic policy in the 60s and 70s, was characterized by systematic and systemic exclusionary politics where smallholder farmers were not only prohibited from producing high value cash crops, but were also exploited by the political elites who used state organisations such as ADMARC at their disposal.

The Advent and Economic Imperatives of Neo-Liberal Policies

In the late 1970s, Malawi was hit by a number of external shocks which exposed weaknesses of its state-led export oriented development strategy. The shocks included the global oil crisis, civil war in neighboring Mozambique which disrupted trade routes, a 35% trade collapse and a drought in 1979-80 (Harrigan, 2003). In response to these predicaments, the country turned to the World Bank for assistance in the implementation of an economic recovery plan in the form of Stabilization and Structural Adjustment Loans (SALs). Engagement with the World Bank, initially through SALs and later through a modified programme called Agriculture Sector Adjustment Credit (ASAC) in 1990 is predominantly critical as it has shaped the agriculture sector to date.

The main objectives of the ASAC were to intensify efficiency and improve incomes of smallholder farmers, increase efficiency of land use and protect the environment, and improve the macroeconomic environment through further import liberalization and public expenditure restructuring (Chinsinga, 2011). The policy instruments involved

¹ President Kamuzu Banda owned 25 estates under General Farming which was supposedly a private company but nevertheless lacked clear boundaries with the Government as resources such as personnel could be deployed between General Farming and the Ministry of Agriculture (Cammack et al, 2010).

included liberalization of the market, smallholder price adjustments, removal of crop production subsidies, adjustment of estate rents, and liberalization of burley tobacco production which came into effect in 1991.

Thus the paradigm shift in the orientation of the state towards the neo-liberal school heralded the beginning of an era in which the exclusion of smallholder farmers was expected to be checked and their exploitation would be mitigated. By opening up the tobacco market to more buyers, the expectation was that these hitherto exploited smallholder farmers would have their income status enhanced premised on the economic assumption that the higher the competition on the market the higher the price that the commodity was going to fetch. The idea was therefore to create a market environment in which the smallholder farmers would deploy diverse market strategies to meet, inter alia, their livelihoods needs. The logic behind such thinking was that, if the people had the money, they would not starve. It was therefore against this backdrop that the study that informed the development of this paper was conducted to interrogate whether and/or the extent to which these economic justice imperatives have been achieved 18 years since the production of burley tobacco was effectively liberalized in 1991.

Methodological Approach and Theoretical Framework

The study that informed the development of this paper took a predominantly qualitative approach embedded in the field-based constructivist tradition. Primary data was collected from tobacco farmers, agro dealers and agriculture extension workers in Lilongwe and Kasungu districts of central Malawi. Secondary data was collected through documents review. Primary data was collected from the purposively selected respondents through Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs). In undertaking KIIs, a semi-structured interview guide was used while a checklist was deployed in the facilitation of the FGDs. All data was analysed using thematic analysis which involved segmenting the data, developing categories, coding the segments, grouping the categories and developing themes from the data. Thus the verbatim

transcripts from the KIs and FGDs were placed under relevant themes and codes before carrying out a discussion of the results.

The emerging study findings were interpreted in the framework of Steven Luke's First Dimension of Power. This is the first element of Steve Lukes's concept of Three Dimensions of Power which posits that power prevails in three forms namely visible, hidden and invisible. According to Lukes (2005), these dimensions of power are manifested in formal decision making processes, informal agenda setting processes and semi-formal preference shaping processes, respectively.

Also known as the "*one dimensional view of power*" (Lukes, 2005) or the "*Pluralist View of Power*" (Dhal, 1957), the first dimension of power is chiefly concerned with the visible exercise of power in formal decision making processes where the mandate to exercise power is legitimized by formal rules of the game. Barnett and Duvall (2005), identify three defining features of first dimension of power namely; "(i)...there is intentionality on the part of A, (ii) there must be a conflict of desires, to the extent that B now feels compelled to alter its behavior, and (iii) A is successful because it has material and ideational resources at its disposal that lead B to alter its actions."

The second dimension of power is more concerned with the hidden agenda setting processes that precede formal decision making processes (Lukes, 2005). The central point is that to the extent that a person or a group, consciously or unconsciously, creates or reinforces barriers to the public airing of policy conflicts, that person or group has power. Thus under this dimension, powerful individuals do not only surface when policy decisions are being deliberated on. More importantly, they control what should be discussed and what should be shelved away, momentarily or permanently. By suppressing what could have been deliberated on, individuals and groups are already preventing other from discussing such potential alternatives. The major argument in the second dimension of power is that agenda-setting plays a role in the exercise of power because of its ability to see through some items to the discussion whilst at the same time keeping away some agenda from the debate.

Lastly, invisible power is exercised by domination through the socially embedded cultural values and norms. In his own words, Lukes' (2005:27) says power is exercised invisibly by "...influencing, shaping or determining' people's very wants." The prominence of internalization of values and norms in invisible power is also observed by Swartz (2007: 2) who indicates that "...the third dimension of power consists of deeply rooted forms of political socialization where actors unwittingly follow the dictates of power even against their best interests." Lukes is convinced that the most insidious and important type of power is the invisible power where domination by the powerful over the less powerful prevails without the knowledge of the less powerful (Pettit, 2013: 45). Domination is defined as "the capacity to secure compliance to domination through the shaping of beliefs and desires, by imposing internal constraints under historically changing circumstances" (Swartz, 2007: 3). The dominated, under false consciousness, comply to domination with full conviction that the powerful are making decisions in accordance with their 'real interests.'

However, for purposes of this paper, which is also an acknowledged limitation of scope, only the first dimension of power i.e. decision making power, has been used with the idea was to offer clarity through specificity. However, in terms of defining what constitutes "exclusion", the paper borrows conceptual recourse from Charles Tilly (2000) by looking at the notion in the broader sense of a combination of opportunity hoarding and exploitation. Opportunity hoarding implies a situation when members of a social group, e.g. political or business elites, confine disposition of a value-producing resource to its members while systematically excluding non-members (Tilly, 2005). In the politics of exclusion in Malawi's agriculture sector this would come in the form of the governing political leadership reserving the production of a high value crop to party loyalists and fellow elites at the expense of ordinary smallholder farmers. Exploitation, on the other hand, implies a situation in which people who control a resource enlist the effort of others in the production of value by means of that resource but exclude the latter from enjoying the full value added by their effort (Ibid). In the case of the politics of exclusion in Malawi's agriculture sector, this would be manifested where the elites retain

monopoly over the purchase of agriculture produce from smallholder farmers, in the process offering low prices and selling them the same produce in lean periods at inflated prices, only to invest the profits in a tobacco sector where the smallholder farmers are prohibited from participating. Thus this paper employs that rather broader understanding of exclusion as characteristic of situations where certain individuals or groups have greater influence over political decision-making and agenda setting processes to the extent that they benefit from unequal outcomes from the implementation of subsequent decisions.

The Transfiguration of a Political Elite into a Corporate Bourgeoisie

Although the liberalization of burley tobacco was first recommended in the early 1980s, it only took until 1990 for the governing political leadership to finally adopt it. The same was the case with the idea of reducing of ADMARC into a buyer and seller of last resort which was characterized by numerous policy U-turns. The reduction in the scale of research and extension services that ADMARC used to support implied an increase in the cost of production on the part of the estate farmers as there would be little room for free riding. Secondly, by opening up the production of burley tobacco, the implication was that estate owners were going to be competing with smallholder farmers who were initially supplying them with labour in the production of the commodity. Unsurprisingly, these two proposals were met with stiff resistance from the then governing political elite owing to their expected political and economic effects. As a result, much as the World Bank had advocated for the liberalization of burley tobacco production since the early 1980s, it took nearly ten years for the government to finally relent in 1991 when production of burley tobacco had become less profitable owing to the removal of production subsidies and a reduction of the activities of ADMARC.

In that context, the political elite abandoned the production of the commodity and went on to capture the market as leaf merchants and regulators. For instance, two key strategies for the continuity of rent extraction were the immediate formation of a tobacco buying company called Limbe Leaf by the Press Corporation and the immediate

introduction of a series of taxes and levies on the tobacco market (Prowse, 2009). Press Corporation was Kamuzu Banda’s private company until 1996 when he was no longer President and the Supreme Court of Malawi declared it a public entity in a long court case that ensued after he lost the presidency in 1994. Since then, Limbe Leaf has been at the center of controversy over the existence of a cartel that fixes tobacco prices below market value. This is exacerbated by the fact that the country has only one formal tobacco market the Action Floors, which is itself owned by Auction Holdings Limited a subsidiary company falling under the Ministry of Agriculture. A key characteristic of the buying companies in tobacco industry is that most of them are international companies, wholly owned subsidiaries or joint venture firms with local investors (Chirwa, 2011). Additionally, there is a fusion between buying companies and the ownership of the market, as the Government which owns the market through Auction Holdings Limited (AHL), has stakes in some buying companies through AHL. **Table 1** below shows the list of tobacco buyers in the country and their ownership structures.

Table 1: Ownership Structure of Tobacco Merchants

Name of Buyer	Type of Ownership	Shareholders
Limbe Leaf	Foreign/local	Universal Corporation (USA)
Alliance One	Foreign	Alliance One Int. (USA)
Africa Leaf	Foreign	Japan Tobacco international
Associated Tobacco Company	Foreign	Associated Tobacco Company
Malawi Leaf	Local	Auction Holdings Limited
Premium Tama	Foreign/Local	Premier Leaf and TAMA
RWJ Wallace	Local	Private Local Investors

Source: Own table with data from Tobacco Control Commission

While the idea behind opening up the market was aimed at promoting market competition that would have in turn translated into better prices being offered to farmers, this paper notes that the emergence of these new players has failed to realize that neoliberal ideal. On the contrary, the new regime has merely created a fertile ground where these corporations have displaced the state in the exploitation of smallholder farmers by offering them stagnantly low prices compared to what some of the same companies are offering in surrounding countries such as in Mozambique, Zimbabwe and Zambia. As Chirwa (2011) observes, this has been made worse owing to the barriers of entry that these companies have created on the market. For instance, new entrants are expected to buy tobacco at relatively higher prices than the established firms. Additionally, these corporations have continued to threaten the Government that they will close shop in the event that the Government offers preferential incentives to new entrants particularly in the face of interests from Chinese merchants since 2007. For fear of losing established market actors, the Government has ended up relenting on the demands of the leaf merchants by confining the disposition of the tobacco market to their whims. Thus the market is in this case characterized by a situation where the leaf merchants are exercising their decision making powers in a way that reinforces opportunity hoarding on the market.

The ability to dictate prices on the market manifests the exercise of decision making powers that the corporations have over the Government, its regulatory agencies and the smallholder farmers themselves. With only six tobacco buying companies plying on the market, until Malawi leaf was established by the Bingu Mutharika administration in 2006, the neoliberal regime has created an enabling environment for the buyers to create a cartel that colludes to offer low prices to the smallholder farmers. While the recent administrations have attempted to address the problem by way of negotiating for better prices and setting up Malawi Leaf Company with the aim of increasing competition, such attempts have failed to yield any meaningful results. In the first instance tobacco buyers have defied the Government's call for higher prices even where that has come in the form of setting minimum buying prices. Secondly, when the Government established

Malawi Leaf as a buying company, the idea was to increase competition of the tobacco market. A decade on, Malawi Leaf has proved to be impotent to influence market prices owing to its novelty and limited resource purse as the following excerpt illustrates;

“Malawi Leaf was founded in 2006 by Auction Holdings Limited on advice from the Bingu Mutharika Government to add competition on the market. However, it did not take us long to realize that we lacked both the financial muscle and the resell capacity to meaningfully move the established merchants. As a result, the company has over the years been reduced to just another buyer with no meaningful capacity to influence market prices.” (Key Informant Interview, Lilongwe)

What is coming out of the narrative is therefore that while the Government attempted to join the market with an aim of improving prices offered to the farmers, the power to influence prices continues to lie with the established merchants. With Malawi Leaf's limited resource purse, the implication is that the other merchants would let it deplete its finances, before they revert to their exploitative tendencies. Secondly, it was further highlighted that the international tobacco market is a heavily controlled one to the extent that one's ability to resell the commodity is incumbent upon their networks on the market. Considering Malawi Leaf's novelty on the market, the company was wary of buying tobacco that would end up in its warehouses for failing to resell it. As a result, anecdotal evidence suggests that the company has ended up becoming a junior partner in a cartel that it was formed to challenge. Thus the dominant verdict is that tobacco merchants have proved to be powerful in as far as determining market prices is concerned.

To this effect, this substantiates the dominant narrative that the tobacco buyers operate as an organized cartel that is offering suppressed prices to smallholder farmers on the market. Firstly, using data from a study that was done by Chirwa (2011), the paper observes that in the 2007/08 tobacco buying season randomly selected market data demonstrated that there was a uniform pattern in terms of which buyer buys first and

who follows which one. Thus the implication is that the auction process is but a staged process where buyers collude beforehand on how the process will go like. Secondly, data from a study conducted by Prowse (2006) points to the fact that in the 2003/2004 as well as 2009/2010 tobacco buying seasons there was a uniform proportion of tobacco bought with the biggest company buying at the lowest price and the smallest at the highest average price as **Table 2** below illustrates;

Table 2: Average Prices Disaggregated by Company

Company	% of bales	Average Price	Std Deviation
Limbe Leaf	39.1	118.17	17.6
Stancam	21.8	121.36	20.21
Dimon	20.5	120.01	18.8
Africa Leaf	8.6	120.82	22.73
Auction Holdings	10.1	135.26	16.41

Source: Own table with data from Prowse (2013)

Unsurprisingly, the ability of these merchants to determine market prices is magnified by the fact that the tobacco market uses an absolute auction format where the commodity is sold to the highest bidder among competing buyers. The implication is therefore that both the farmers, in their capacity as sellers, and the Government along with its regulatory agencies have no say over the ultimate price on the market. From the perspective of the farmers, such an arrangement has created and sustained a favorable institutional environment for exploitation. The argument is that the institutional arrangement deprives the smallholder farmers the opportunity to set a reserve price that would have taken into concert their minimum preferred price, at least one that would have reflected the average cost of production and related transactions. As indicated earlier, while the Government has attempted to broker for such a minimum price on behalf of the farmers, such attempts have failed to yield optimal welfare results. The following excerpt captures such reservations clearly;

“The problem with market liberalization is that buyers and sellers ideally have to negotiate for prices, but realistically speaking buyers tend to impose their prices on us. Ironically, when we go to the market to buy fertilizer, this time as buyers, we do not have the same bargaining powers that those who buy our produce have.” (FGD, mixed group, 35 and above, Mwaza Village, STA Mawawa, Kasungu).

Related to the same, another arrangement that has put farmers at a disadvantage in terms of their net income relates to the fact that tobacco is sold in dollars. While this arrangement is not a vice in its own right, it becomes a challenge when it takes long between the time tobacco is sold and the time the farmer can access the proceeds. With a regulation that all payments should be made to farmers through commercial banks, the common occurrence has been that it takes close to two working weeks for the farmers to finally access their money. Considering that the neoliberal economic reforms have resulted in floating the value of domestic Malawi Kwacha relative to major trading currencies, what normally happens is that during the tobacco buying season the Kwacha appreciates against the dollar due to its high demand. As a result, delays in payments imply that the farmers' net income is significantly reduced, the longer it takes tobacco merchants and banks to process their payments. The following excerpts illustrate that point clearly;

“With the Malawi Kwacha floating, the exchange rate that we get at the bank is lower than the one we get at the Auction Floors. The explanation is that during the tobacco selling season the Kwacha gains value against the dollar. So if I go to the Auction Floors today, I sell my tobacco at US\$1 being equal to MK 730. But it takes about two weeks for the banks to process the payment and we are paid at the exchange rate prevailing at the day of the payment. Within those two weeks the Kwacha gains power and we are paid at US\$1 being equal to MK690. As farmers that is a serious loss of revenue.” (FGD, mixed group, 35 and above, Mwaza Village, STA Mawawa, Kasungu).

What is a matter of concern from the perspective of the farmers is that such an institutional arrangement erodes their purchasing power on the market. Such is the case not only because they take home lesser than what they would have gotten if they were to be paid on the same day of the transaction, but more seriously because when the Kwacha is said to have gained strength, commodity prices on the market do not correspondingly go down. As a result, the prices of commodities such as fertilizer are the same as they were before the tobacco market opened. This has therefore raised questions about the selective fashion in which the appreciation of the Kwacha affects them. Attempts to establish why it takes that long before farmers can finally access proceeds from their sales proved futile as each actor pointed the finger at another for playing delaying tactics to profit from the same. Thus it is not clear as to whether it is the commercial banks, the Reserve Bank or the tobacco merchants themselves who are to blame for such a practice. However, what is clear is that farmers are deprived of their potential net income due to delays, intentional or otherwise, by one or a combination of actors on the market.

Introduction of Levies and State Ineffectiveness to Bargain for Higher Prices

Additionally, reforms for the liberalization of tobacco production were followed by introduction of a number of small but numerous levies and taxes which were initially not levied on the market. According to a comparative study done by Prowse (2013), in the 2003/2004 tobacco selling season farmers paid an average of 12.4% of their net returns to the Government and TAMA through taxes and levies, while in 2009/2010 they paid 12.6% of the returns. While the introduction of these levies may not pose serious problems to the country's export agenda as their introduction did not deter production (Prowse, 2011), their emergence gives an important lesson about the ineffectiveness of mono-cropping formal institutions to deal with problems that are fundamentally rooted in informal interactions. To this end, the point is that liberalization was imposed on the host government by the donor community as a way of curbing the predatory rent extraction that existed in the tobacco sector in the 1960s. However, much as production was liberalized, the political elite found another way extracting rents, this time around

through these levies some of which go to associations and not the Government per se. While levies and taxes are the order of the day in market both market and state-led economies, the contentious issue in Malawi's tobacco industry have been their disproportionality to the services that are rendered to the farmers.

While the Government has been introducing and institutionalizing new taxes and levies on one hand, the beginning of each tobacco buying season has been preceded by a sitting Head of State bargaining for better prices on the other hand. In selected cases, Presidents have gone as far as storming tobacco buying sessions to confront buyers, sometimes with arbitrary minimum prices that have hardly been taken onboard. As alluded to earlier on, the establishment of Malawi Leaf was primarily an attempt by the Government to increase competition on the supply side of the market in order to drive prices upwards. However, in spite of these endeavors, the tobacco merchants continue to exert influence in as far as determining prices on the market is concerned.

In addition to directly bargaining with the tobacco merchants, the State has sometimes gone as far as alleging that opposition political actors, particularly those associated with Kamuzu Banda's Malawi Congress Party, collude with the tobacco buyers to offer suppressed prices as a way of discrediting the Government of the day in the eyes and minds of the electorate. Such allegations reached their peak in 2009 when the then President of Malawi, the Late Bingu wa Mutharika went as far as mentioning a then Managing Director of Limbe Leaf, who happened to be a relative to the then Leader of Opposition and MCP President, as one such individuals at the center of the cartel that was allegedly sabotaging Government efforts in pursuit of personal and family political ambitions. From the perspective of the farmers, while they are welcome to the idea of State Presidents publicly advocating for better prices at the tobacco auction floors, they receive such gestures with skepticism as regards the sincerity of the respective political leaders. The main argument in this regard is that such roadshow acts only emanate as the presidential terms of the respective presidents are coming to an end, thus a convenient time for sitting Presidents to masquerade like they are addressing the concerns of their constituents. The following excerpt illustrates that point clearly;

Politicians are to blame for all this. During political campaigns they fool us with their innovative ideas, but once they have made it, they hibernate. Opposition political parties connive with vendors and buyers to offer low prices so that the serving Government should appear to be failing. The farmer suffers. Sitting Presidents also connive with buyers especially towards the end of their terms. They stage shows to appear like they are fighting the buyers to offer better prices, so that we should vote for them. In the process it is the farmer who suffers. (FGD, Mwaza Village STA Mawawa, Mixed group, less than 35 years old)

Thus even though the reforms adopted in 1991 for the liberalization of tobacco production were meant to counter the predatory rent regimes that existed since 1964, the neoliberal reforms have merely changed the forms of exclusion as the corporate elite continue to extract rents from smallholder farmers. While the political elites of the time reluctantly cooperated with the donor community by liberalizing production of burley tobacco, they went on to maintain, if not to strengthen, their tight grip on the tobacco market in a way that has sustained the exclusion of smallholder farmers. This exclusion has taken the form of exploitation as the efforts of smallholder farmers are enlisted in the production phase of the tobacco value chain while they are excluded from enjoying the full value added by their effort. The implication is therefore that the State allowed the smallholder farmers to take over the production phase of the tobacco value chain while its elites went on to capture the market, in a way that continues to allow it to create, extract and utilize rents from the smallholder farmers to date.

Conclusion

This paper has demonstrated how Malawi's transition to a neo-liberal economic regime has failed to address some of the problems that it was meant to surmount. Specifically, the transition has failed to curtail the exclusionary politics that has been characteristic of the country's tobacco sector since attaining independence in 1964. While the production of burley tobacco was advocated for under the guise of improving the income of smallholder farmers, empirical evidence shows that this has not yet materialized as the

former political elite went on to capture the marketing phase of the tobacco sector. To date, leaf merchants are colluding to offer smallholder farmers depressed prices on the market. On the one side, smallholder farmers are failing to mount any meaningful collective action responses owing to the increasing costs of doing the same when a group grows in numbers. On the other hand, recent administrations of the State have failed to come up with mechanisms that would compel the leaf merchants to offer better prices to the farmers. Leaping the fruits of their smaller numbers, the leaf merchants have promotes barriers to market entry on the market. Not only are the leaf merchants using their decision making powers to exploit smallholder farmers, they are using the same to confine disposition of the tobacco market to members of their in-group thus practicing opportunity hoarding.

Bibliography

- Bates, R & Block, S. (2009) "Political Economy of Agricultural Trade Interventions in Africa", *Agricultural Distortions*, Working Paper 87
- Booth, D., Cammack, D., Harrigan, J., Kanyongolo, E., Mataure, M., and Ngwira, N., (2006) "*Drivers of Change and Development in Malawi*", Working Paper No. 261, Overseas Development Institute: London, UK
- Cammack, D. and Kelsall, T. (2011), *Neo-patrimonialism, Institutions and Economic Growth: The Case of Malawi, 1964–2009*. IDS Bulletin, 42: 88–96. Doi: 10.1111/j.1759-5436.2011.00214.x
- Cammack, D. Kelsall, M & Booth, D (2010) *Developmental Patrimonialism? The*
- Chinsinga, B (2007) *Resurrecting the Vestiges of a Developmental State in Malawi?* Reflections and Lessons from the 2005/2006 Fertilizer Subsidy Programme
- Chinsinga, B (2008) "*Political Economy of Policy Processes in Malawi: A Case Study of the Farm Input Subsidy Programme*", Future Agricultures Consortium, Working Paper 87
- Chirwa, E. (2011) "*Competition Issues in the Tobacco Sector in Malawi*", Research Report for the United Nations Conference on Trade and Development, Geneva
- Dahl, R., (1957) *Who governs? Democracy and power in an American City*. New Haven, CT: Yale University Press.
- Douillet, M. (2012) "*Trade and Agricultural Policies in Malawi*", Working Paper, Foundation Pour l'Agricultur et la Ruralite dans le Monde, Paris
- Harrigan, J (2003) "*U-turns and Full Circles: Decades of Agricultural reforms in Malawi 1981-2000*" *World Development*, Vol.31, No.5, pp.847-863
- Harrigan, J., (2001) *From Dictatorship to Democracy: Economic Policy in Malawi 1964-2000*, London: Ashgate Publishing Limited.
- Lukes, S., (2005) *Power: a Radical View*. 2nd ed. Basingstoke: Palgrave Macmillan.
- Mhone, G., (1992) "*The Political Economy of Malawi: An Overview*", *Malawi at the Crossroads: The Postcolonial Political Economy*, Mhone, G., (ED.) SAPES Books, Harare: Zimbabwe
- Mockaitis, T (2016) *The Politics of Exclusion*; The Huffington Post, Feb 21, 2016
- Negri, M & Porto, G.G (2011) *Burley Tobacco Clubs in Malawi: Non Market Institutions for Exports*, World Bank
- Pettit, J., (2013) *Power Analysis: A Practical Guide*, Swedish International Cooperation Agency. Stockholm
- Prowse, M (2009) *Becoming a Bwana and Burley Tobacco in the Central Region of Malawi*, University of Antwerp, IOB Working Paper 2009.04
- Prowse, M (2011) *A Comparative Value Chain Analysis of the Burley Tobacco Sector in Malawi*, IOB Working Paper / 2011.09
- Prowse, M. (2013): *A History of Tobacco Production and Marketing in Malawi, 1890–2010*, *Journal of Eastern African Studies*, DOI:10.1080/17531055.2013.805077
- Swartz, D (2007) *Recasting Power in Its Third Dimension* - Review of Steven Lukes, *Power: A Radical View*. New York: Palgrave Macmillan,
- Tilly, C (2005) *Poverty and the Politics of Exclusion*; background paper for World Bank

Study Moving Out of Poverty, University of Columbia.