



Trip Report: “Rural Markets, Natural Capital and Dynamic Poverty Traps in East Africa”

**Madagascar: January 16 – September 14, 2004
By Marc F. Bellemare**

Overview

- Dates: January 16 – September 14, 2004
- Location:
 - Antananarivo
 - Lac Alaotra – field work
- Participants:
 - Cornell: Marc F. Bellemare
 - FOFIFA/Cornell ILO Project: Bart Minten

Trip Objectives

The purpose of my trip to Madagascar was to collect household-level data on land rental contracts. More specifically, I was interested in collecting data on sharecropping contracts. These data will allow me to test the implications of the theoretical models set forth in my dissertation’s first essay. Furthermore, I wanted to collect enough data to be able to study the institution of reverse share tenancy, i.e. sharecropping contracts wherein a poorer landlord rents out land to a richer tenant. My specific objectives were thus to (i) get acquainted with the local literature on land rental contracts; (ii) gain a better understanding of sharecropping in Madagascar; and (iii) collect data for my dissertation’s second and third essays.

Results: My work in Madagascar was greatly facilitated by Dr. Bart Minten, who is a researcher for the Cornell Food and Nutrition Policy Program and who used to be Chief of Party for the joint Cornell/FOFIFA Ilo Project. Dr. Minten provided me with a place to work and put me in contact with experienced research personnel. This allowed me to get started relatively early by working on a draft survey questionnaire and by making an exploratory trip to Lac Alaotra. During this short visit to my survey site, I was able to meet with landlords and tenants as well as with government officials and grain traders in order to get a feel as to what was going on in practice. This allowed me to refine my survey questionnaire before hiring six enumerators to help me with data collection.

The first wave of fieldwork was conducted between the months of March and May and allowed me to collect all the data available before the rice harvest, which takes place somewhere between mid-June and the beginning of July in Lac Alaotra. After this first wave, I wrote additional questions based on conversations I'd had with landlords and tenants during the first wave as well as on my enumerators' insights.

The second wave of fieldwork was conducted in July and August and allowed me to collect the rest of the data necessary for a plot-level analysis of sharecropping contracts, i.e. the data available only after the rice harvest. This "two-wave" way of doing fieldwork has proven very satisfactory, as it allowed me to greatly refine my survey instrument at the cost of little attrition in my sample.

Data entry took place in-between both waves of data collection as well as after the second wave. This allowed for the data to be twice-verified to make sure that there were no data entry mistakes. Thus, data entry took place between the end of May and the beginning of June and between the end of August and the beginning of September.

My time in Madagascar also allowed me to have frequent conversations with Dr. Minten, and as a result, three or four co-authored papers will likely come out of my trip. Dr. Minten also provided a great deal of advice on how to go about collecting my data. His advice was extremely useful from my first week in Madagascar until the very last day of data entry in September.

Finally, I have also managed to write a draft codebook to accompany my survey questionnaire while in Madagascar. The codebook details how the survey was conducted and includes all the questionnaires used as survey instruments. I refer the reader to the codebook for more information regarding my trip in Madagascar. I also refer the reader to my log of daily activities for details as to what I did every day. Both documents are available upon request (please email me at mfb24@cornell.edu).

My monthly timeline while in Madagascar was as follows:

- January: Arrival, settling in and review of the local literature on share tenancy.
- February: Exploratory trip to Lac Alaotra and work on survey questionnaire.
- March: Work on survey questionnaire, fieldwork preparation, and fieldwork.
- April: Fieldwork.
- May: Fieldwork and data entry.
- June: Data entry.
- July: Fieldwork.

- August: Fieldwork and data entry.
- September: Data entry and departure.

Regarding what might explain share tenancy in Madagascar, my sense of what is happening is as follows. Most landlords, when asked why they signed a sharecropping agreement with their tenants, will say that they do it “to help the family” (assuming they entered a kin contract). One then has to ask them why they chose a sharecropping agreement instead of a fixed rent agreement, to which they either reply that their tenant is liquidity constrained (or that they cannot ask members of the family for money) or that they would rather have crop instead of cash, i.e. crop is a commitment device for them. But then, it is logical to ask them why they didn’t choose a crop fixed rent contract, to which they either reply that they are afraid that the tenant will not be able to repay in case the latter invokes limited liability due, say, to a natural disaster, or that they would not want their tenant to bear all the risk. It thus seems that altruism makes sharecropping emerge in Madagascar. In non-kin contracts, a few respondents mentioned the asset risk hypothesis outlined in Bellemare and Barrett (2003). Still, the altruism explanation can and will be used in my dissertation’s second essay to motivate the emergence of sharecropping in a dynamic Principal-Agent framework.

Finally, as regards future research, I suggest the following: (i) a second round of data collection with the same questionnaire and the same households in order to have a panel data set, which allows one to determine the source of informational asymmetries better than in a cross-sectional setting (cf. Chiappori and Salanié, 2003); (ii) data collection using the same questionnaire in other areas of Madagascar (e.g. Marovoay, Fianarantsoa, etc.); (iv) data collection using a nationally representative survey. The study I conducted in Madagascar, while adding to the wealth of research that has been conducted in Madagascar by collecting extensive data on land rental contracts, is merely a first pass in the sense that it studies one region. Even if Lac Alaotra is the country’s biggest rice-producing region, a nationally representative sample would be required to truly inform economic policy on a very misunderstood phenomenon in Madagascar.

Summary: The trip has been extremely productive and formative. Not only did I spend time collecting extensive data on sharecropping contracts in a developing country, I also have worked on a paper co-authored with my advisor, Dr. Christopher B. Barrett and have specialized in applied contract theory by reading the literature on the topic. This understanding of the literature will allow me to conduct better research on sharecropping. I also have made contact with a few of the most prominent researchers in Madagascar (e.g. Bart Minten and Hanan Jacoby) and have gained an understanding of what’s going on in the country that I could never have gained from reading books and journal articles in my office in the United States. The very fact that I spent eight months in Madagascar gave me enough research ideas for the next four to five years. While some see the Ph.D. program as the transition between student and scholar, I personally see fieldwork as being a catalyst for making the transition between student and independent researcher. I would say that the best outcome of my eight-month stay in Madagascar has been to make me mature much faster, research-wise.

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