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## On Rational Solidarity: Theory and Evidence from Rural Producer Organizations in West Africa

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### Abstract

Rural producer organizations (RPOs) are a pervasive feature of village life in Francophone West Africa, and are an important component of household survival strategies. We use a theoretical model based on the secession literature (Bolton, 1997) to contrast “dictatorial” versus “democratic” views of RPO functioning. The theoretical hypotheses are then tested on a rich Senegalese dataset using rainfall data as excluded instruments. We pay particular attention to the “weak instruments” problem highlighted in the recent econometrics literature through the use of diagnostics suggested in Stock (2002), the new specification tests proposed by Hahn (2002), and the instrument selection criteria proposed by Donald and Newey (2001). Our preliminary results come down squarely in favor of the “democratic” view of RPO governance.

**Keywords:** Senegal, rural producer organisations, econometrics