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## Book reviews

*Famine: A Short History*, edited by Cormac ÓGráda. Published by Princeton University Press, Princeton, 2009, pp. xv + 327, ISBN 978-0-691-12237-3.

Famine has not been a focus of Australian agricultural and resource economics, although our profession has helped keep it at bay through its contributions to agricultural and rural development, multilateral trade expansion, analyses of impacts of food aid and assessments of world food security. Cormac ÓGráda's short history of famine concludes that advances on these fronts have been helping to hobble 'the third horseman of the apocalypse', but his final demise is by no means assured. ÓGráda is an Irish economic historian who has published widely on the causes and impacts of regional famine. In his short history, he has marshalled anecdotes and legends about famines in ancient Egypt and Mesopotamia, cited documented facts about famines in pre-industrial Europe and Asia and critically analysed several nineteenth, twentieth and early 21st century famines.

Famine is a slippery concept, ranging from endemic malnutrition in poor communities to mortality from starvation caused by natural disasters or political events. Yet, it is important to get our thinking right about famine. Although it can bring out the best in us, excessive reporting of it can lead to aid fatigue and inappropriate responses to it can lead to perverse outcomes. ÓGráda references some technical definitions of famine, but for the purposes of this book, he defines it as 'a shortage of food or purchasing power that leads directly to excess mortality from starvation or hunger-induced diseases'.

After an introductory chapter that highlights the frequencies of famines and how they have been remembered, three chapters follow that describe their symptoms and impacts. Chapter 2 tells of the horrors of famine apart from its direct impacts of hunger, disease and death. Chapter 3 outlines how communities have coped with famine. Chapter 4 describes its demographic impacts. Then, following two chapters more focussed on economic analyses. Chapter 5 examines the role of markets and whether they have ameliorated or exacerbated problems. Chapter 6 presents a case study of the 1943–44 Bengal famine. The final three chapters deal with the political economy of famine. Chapter 7 addresses public and private actions needed to feed the starving. Chapter 8 describes how a number of despotic governments in the twentieth century imposed famine on their peoples. The final chapter explores whether we are up to the task of finally putting an end to famine. ÓGráda draws from many disciplines throughout the book, yet the economic analyses in chapters 5 and 6 are central.

Chapter 5's consideration of markets is a platform for a wider theme of the book – is famine a consequence of fickle nature or is it man made? The role

of markets in the history of famine has been contentious. There has been a persistent suspicion that at least part of the blame for food shortages being transmuted into famine rests with traders and speculators who profiteer by hoarding or exporting. ÓGráda recounts numerous claims of markets being manipulated in times of famine to benefit the rich at cost to the poor and gives accounts of campaigns against grain dealers and other middlemen, not infrequently leading to market disruptions that have contributed to famine. Countering these popular views, ÓGráda traces the impact that eighteenth century *laissez faire* thought had on promoting the view that free markets would prevent food shortages from becoming famines through arbitrage, both inter-regionally between markets and inter-temporally within them.

ÓGráda does not try to resolve these conflicting views on doctrinal grounds. Rather, he tests of the performance of markets during particular famines in terms of whether they reduced inter-regional and intra-seasonal price differences. The empirical evidence from both sets of tests is mixed. No systematic evidence emerges of arbitrage having mitigated short-term impacts of famine through supplies coming from less-affected regions, and there is only weak evidence of excessive hoarding having been reduced when signs of famine start to emerge. However, the tests do indicate that markets performed better than a reading of contemporary accounts of them suggest. Furthermore, as regional barriers to trade have diminished and communications and transportation have developed over time, the long-term gains from spatial and inter-temporal arbitrage have been large.

Overall, ÓGráda concludes that the integration of markets and the gradual eradication of famine are linked. Both, however, have been functions of economic development, market failure not being solely responsible for famine. Markets inevitably are too thin in impoverished economies. Moreover, in nineteenth century, Ireland and India the dogmatic faith of the ruling elites in markets as a mechanism for relieving famine cost millions of lives.

Despite ÓGráda's weak statistical evidence of arbitrage having diminished excessive hoarding during many past famines, Nobel prize-winning economist Amartya Sen came to an opposite conclusion in his influential study of the Bengal famine of 1943–44. He ruled out a food availability decline (FAD) during 1942–43 being the primary cause. Rather, the famine resulted from disrupted wartime communications, widespread panic and a fettered press that led to inept administrative entitlement arrangements for the distribution of rice. The ensuing famine in which some two million of Bengal's sixty million population died was due in large part to 'speculative withdrawal and panic purchase of rice stocks... encouraged by administrative chaos' (Sen 1981). Sen placed near exclusive stress on market failure and public policy errors.

ÓGráda revisits Sen's account of the Bengal famine in chapter 6. In the light of once confidential correspondence between London, Delhi and Calcutta, unavailable when Sen wrote but now in the public domain, ÓGráda rejects Sen's conclusion that market failure with speculative hoarding was the

famine's prime cause. A significant FAD did exist, but for strategic wartime reasons, the British authorities not only censored reports of its onset but also failed to address the issues, and when its full consequences struck, it was the administrators of the food distribution system who were blamed. Notwithstanding ÓGráda and Sen both blaming poor administration (but different administrators) for the tragedy, ÓGráda considers it important to have established the importance of the FAD, because the consequences of FAD (production) shifts and entitlement (distribution) shifts on income distribution are different. An entitlement famine hurts consumers but helps producers, whereas an FAD famine hurts both consumers and producers.

Although ÓGráda places more faith in market outcomes than the market detractors and stresses the importance of understanding how different causes of famine affect the distribution of its impacts, he has no faith in unfettered markets as instruments for shifting income distributions in favour of the poor. Markets merely make the most of existing resources, given their initial distribution across a community, but that is the limit of their optimality. ÓGráda considers it almost impossible to imagine a famine that could not have been alleviated by more generous transfers from the rich to the poor.

Although ÓGráda differs from Sen in his conclusion about the causes of the Bengal famine, he strongly supports Sen's claims that famine and democracy are incompatible and that famines are easily preventable given the political will. These conclusions drive the agenda of the remainder of the book. Sage advice is offered on policies both to alleviate famine resulting from underdevelopment and to prevent famine resulting from despotic government.

Although the threat of famine is diminishing and now is limited to the economically and socially underdeveloped regions of the world, it is far from being fully behind us. With ample worldwide supplies of food, rapid and inexpensive communication and transportation, networks of NGOs and multilateral agencies, and wealthy countries facing up to the challenge, the prevention of famine today should be straightforward. Yet, citing an example of Niger in 2005, ÓGráda illustrates the abiding propensity of resources to follow famine rather than to pre-empt it. Notwithstanding institutional self-interest and problems of climate change and desertification, ÓGráda ends on a note of guarded optimism based on a slow March towards democracy and accountability within the remaining famine-prone regions. The principal qualification to this optimism is the threat of wars between and within famine-prone nations that is never far away. As the book concludes, 'The prospect of a famine-free world hinges on improved governance and peace. It is as simple – and difficult – as that'.

*Famine: A Short History* is much richer in anecdote and balance between its many contributing disciplines than this outline has attempted to convey. It is a must for agricultural economists who work in agencies providing development assistance. And it will inform a much wider audience of agricultural

and social scientists who grapple with the technical and ethical dilemmas of malnourishment and periodic starvation that still persist in an affluent world.

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### Reference

Sen, A. (1981). *Poverty and Famines: An Essay on Entitlement and Deprivation*. Oxford University Press, London.

*Oil Panic and the Global Crisis: Predictions and Myths*, edited by Steven M. Gorelick. Published by Wiley-Blackwell, 2010, ISBN 9781405195485.

Before reading this book, my knowledge of the issues around the peak oil was not great. I knew of the concept, of course, and understood the predicted consequences, but I had not read any of the arguments about the validity and usefulness of the idea. Steve Gorelick, a hydrogeologist from Stanford University, has fixed that. This highly readable and interesting book presents both sides of a complex and important debate.

The central concept at issue is the idea, originally proposed by M. King Hubbert, that oil production over time is destined to follow a particular pattern. He predicted that it would take the shape of a classic bell-shaped curve (a normal distribution or logistic function), rising to a peak, turning over and then falling away to nothing. He predicted that the bell would be symmetrical, falling in the same pattern as it had previously risen.

After setting the scene in Chapter 1 by describing Hubbert's idea, its appeal and its initial predictive success, Gorelick puts it aside in Chapter 2 while he provides us with detailed background on the global oil landscape. This was very valuable for a non-expert like me, covering issues such as the energy density of different fuels, the oil business, OPEC, assessments of how much oil there is, where oil is produced and consumed, oil quality, oil pricing, the price elasticity of petrol (gasoline) and petrol price variability. I was struck by the range of retail petrol prices in different countries (depending mainly on taxes and subsidies), ranging in March 2008 from US\$2.30 per litre in Norway down to US\$0.03 per litre in Venezuela!

Chapter 3 covers the historical resource depletion debate, starting with Malthus, via the Club of Rome and the 1970s oil crises, and then returning to the ideas and predictions of Hubbert. A variety of evidence is presented supporting the argument that global oil is depleting. Indeed, the presentation of quantitative evidence is a very strong feature of the book. There are numerous graphs and tables of empirical data, almost one per page, looking at the issues from every possible angle. They show us, for example, that oil production has exceeded oil discovery since about 1980, that global oil discovery

peaked in the early 1960s, that discovery of giant oil fields has particularly declined, and that projected growth in oil consumption by developing countries suggests great strain on future supplies. Using similar approaches to Hubbert's, bodies such as the US Department of Energy (DOE) have predicted that the date of global peak oil production is getting close. Specifically, under its high-growth scenario, the DOE predicted in 2004 that the peak would occur around 2030, and would be followed by rapid declines in production.

By this stage of the book, the reader feels rather pessimistic – the evidence for imminent oil depletion looks so convincing – but then Chapter 4 presents the counter arguments. These take the form of a series of myths (hence the book's subtitle). We learn that predictions of production rates based on Hubbert's approach have consistently been too low, sometimes spectacularly so. 'Analysts using Hubbert's approach have the habit of ignoring their earlier predictions of the time of peak oil every so often and providing later and later dates based on larger and larger values of the global oil endowment' (p.98). Even in the US, which has done the most thorough job of finding and extracting its oil, official estimates of oil endowment have grown consistently over time, such that at any point in time there appears to be enough oil to last the next 35 years. The same applies at the global scale, except that the number is 45 years. Global oil reserves have consistently grown (e.g. they have doubled since 1980), mainly due to reassessment of how much oil there is in existing oil fields. There may be a lot more oil still to find; 'The Middle East, Eastern Europe and Africa contain three-quarters of world oil reserves and yet account for only one-seventh of exploratory drilling' (p. 182). Lower recent rates of oil discovery are at least partly due to low levels of exploration during the 1980s and 1990s, due to low prices. Gorelick points out that resource economists have consistently been more optimistic about future resource scarcity than have neo-Malthusians, due to their accounting for factors such as price signals and technological change. And so on. The counter arguments to oil pessimism are many and varied.

Finally, in Chapter 5, titled 'Beyond Panic', Gorelick attempts to pull it all together and draw conclusions. He emphasises that the debate is not just about optimism and pessimism. 'Informed positions transcend attitudes' (p. 221). The positions taken by different protagonists can be explained by the key assumptions they have made. Hubbert's mass balance approach is based on the assumptions that the global oil endowment can be estimated accurately (which is palpably wrong), and that oil use is limited by production (ignoring the demand side of the market). On the other side of the debate, analysts have allowed for oil resources from unconventional sources, have considered the dynamics of oil demand, and have anticipated the role of technological change. Ultimately, Gorelick sides with the latter group. 'If there is a peak and decline in global oil production during the next two decades, it is more likely that it will reflect a decrease in global oil demand, rather than production choked by critically low global availability' (p. 224). He concludes



that we will probably move away from reliance on conventional oil long before the oil runs out.

A particularly nice feature of the book is the inclusion of key summary points at the end of each chapter. These sum up the essence of the material of the chapter in a set of well-selected dot points. A time-pressed or casually interested person could learn a lot just by reading these sections.

But that would be a shame. The book deserves to be read in full. For me, at least, it was a page turner. There is plenty of detailed information to allow readers to form their own judgements, but it is presented in a way that does not overwhelm the story. The lessons of the book are highly relevant to resource economists, and to anybody interested in energy.

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