

Book reviews

The Economics of Nature: Managing Biological Assets, by G. Cornelis van Kooten and Erwin H. Bulte. Published by Blackwell Publishers, Oxford, 1999, pp. xviii + 512, ISBN 0 631 21894 7 (hbk), 0 631 21895 5 (pbk), £55 (hbk), £21.99 (pbk).

This is an ambitious book. A review on the jacket states that ‘There are presently no texts that are as inclusive and simultaneously as advanced as this one’. I tend to agree; in comparison, other texts seem either superficial or narrow. The authors indicate that the book is designed for upper level undergraduates and post-graduates but undergraduates would have to be very well trained and also very motivated. While the authors make extensive use of graphs, the mathematics is at a fairly high level. The fact that they cite original sources, both the seminal literature as well as more recent contributions, makes it particularly useful as a text for post-graduates and a reference book for the rest of us. The authors also present critiques of the methods and underlying assumptions of natural resource economics. Perspectives from ecology and ecological economics are addressed throughout the text rather than being relegated to a separate chapter.

The focus is on natural resource policy and the tools are developed as a means to analyse policy. In line with this focus, the authors integrate natural resource economics concepts and ideas with welfare economics by beginning the book with two chapters that summarise welfare economics concepts. This tight linkage is appropriate and is usually not addressed in natural resource textbooks. These chapters are followed by chapters on resource rents, valuation of non-market goods, and cost benefit analysis. This section could have been improved by placing the valuation chapter after the CBA chapter and including a chapter on market failure. While they may (perhaps rightly) assume that all the readers are familiar with market failure concepts, it does reduce the usefulness of the book as a stand-alone graduate text since this is such a key issue in natural resource economics. Throughout the text, the authors discuss property rights issues, therefore a more in-depth treatment of property rights, perhaps even a whole chapter, would have been very helpful.

Chapter 7 develops the standard tools of dynamic optimisation using a commercial fishery as the main example. These tools are applied to other problems in later chapters. They also discuss multi-species models and stochastic dynamic optimisation. Chapter 8, on sustainable development and conservation, is an excellent summary of the thorny issues involved. They discuss the different sustainability paradigms and the underlying ethical

viewpoints and assumptions about technological change. This chapter also includes sections on population pressure, sustainability indicators and the environmental Kuznets curve.

Chapters 9 and 10 relate to biological diversity. The former discusses measurement issues and the economics and politics of endangered species legislation. The latter discusses some specific examples, such as African elephants and whales, in more detail. This is probably an appropriate point to mention that the authors present a global view of natural resource issues. Van Kooten is at the University of British Columbia and Bulte is at Wageningen University and therefore they are aware of the economics and politics of natural resources in North America and Europe. They also seem to be well aware of the special problems and issues faced by developing countries, particularly in Africa and Asia. They present theoretical insights from a neo-classical perspective but are also able to discuss the practical implementation and monitoring problems involved.

Chapters 11 and 12 address forestry. In Chapter 11, the economics of forestry management is developed and applied to temperate forests. The issue of forestry and climate change is also addressed. In the next chapter, the special problems of tropical forests, located for the most part in developing countries, are discussed. In particular, an interesting summary of the literature on the causes of deforestation in developing countries is presented. A useful aspect of their treatment of both forestry and biodiversity is that they present quite a bit of 'science' and information on trends in species numbers, deforestation, etc. in addition to the economics. This represents a change from typical natural resource economics texts.

In the final chapter, one of their conclusions is that many biological assets are not worth preserving since the rate of return on them is modest. This is not likely to be popular with environmentalists. The authors indicate that this conclusion is based on a neo-classical economic analysis and thus does not address the ethical issues involved. They also discuss a number of important caveats that affect the analysis.

While my overall evaluation of this book is positive, I do have a number of criticisms in addition to the ones already mentioned. A bit more thought could have gone into its organisation. Increasing the number of chapters might have allowed greater flexibility to present information in a logical order. It would also allow more flexibility as far as using the book for teaching. Also, the organisation within chapters was sometimes a bit confusing. In Chapter 3, for example, there is a section on household economics that did not fit with the rest of the chapter and should have been deleted. In Chapter 6, the section on social benefits of improving water quality would more logically fit in Chapter 5 (which I indicated earlier should be after Chapter 6). There are a number of mistakes in presentation as well.

For example, the last paragraph of Chapter 9 is repeated. This is already a lengthy text but it would benefit from having a chapter on fisheries economics and policy that was as comprehensive as the treatment of biodiversity and forestry

The Economics of Nature represents a valuable addition to the literature on natural resource economics. It presents the necessary mathematical tools for analysing natural resource problems, but also the broader political and ethical issues that are involved.

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Institutions, Transaction Costs and Environmental Policy: Institutional Reform for Water Resources, by Ray Challen. Published by Edward Elgar, Cheltenham, UK, 2000, pp. xiv + 233, ISBN 1 84064 250 5, £55.

Deriving from his award-winning post-graduate research, Challen's examination of transaction costs in institutional change in the mature Australian water economy provides a valuable addition to the 'New Horizons in Environmental Economics' series edited by Wallace E. Oates and Henk Folmer. This book will be of particular benefit to those with an interest in the application of New Institutional Economics to natural resource management. Moreover, the conceptual model developed in the book provides a useful framework for analysing general issues associated with institutional analysis and choice.

The book itself comprises four main parts, which are further divided into eight chapters. The first part (Chapter 2) provides a comprehensive review and synthesis of the literature pertaining to institutions, institutional change and transaction costs. In addition, a more detailed framework for examining institutions in natural resource management is developed which involves:

identifying the institutional hierarchy for the resource situation being studied and then describing the institutions at each level of the hierarchy in terms of four parameters: the property rights regimes existing at the different levels of the hierarchy; the entitlement systems forming the basis of physical division of the resource; the mechanisms by which the entitlements are initially allocated amongst holders of the property rights; and the means by which allocations of entitlements can be altered over time. (p. 52).

The second part of the book (Chapters 3 and 4) focuses on static transaction costs while the third part (Chapters 5 and 6) deals with the dynamic transaction costs of institutional change. The final part (Chapters 7 and 8) integrates concepts of static and dynamic transaction costs into a cohesive

policy framework with potential applications to a variety of institutional settings. For readers with limited interest in the specifics of water institutions, the detail of Chapters 3 and 4 can be omitted without seriously detracting from an understanding of the general model offered by Challen.

The approach adopted in Chapter 2 significantly refines the simplistic division of property rights into categories like 'open access' and 'private property'. Instead, his framework employs a hierarchical representation of property rights whereby multiple entities may hold different property rights to the same resource. Transaction cost analysis can then be employed to examine the institutional efficiency of property rights at different levels of the hierarchy and the evolution of different property right institutions at the various levels within the hierarchy. In this instance, transaction costs are examined from both a static and dynamic perspective.

The legislative and administrative arrangements for regulating the use of water resources in the Murray–Darling Basin provide a vehicle for describing the application of this theoretical framework in Chapter 3. Chapter 4 focuses attention specifically on static transaction costs by empirically examining imperfect information in water markets. This also provides a useful comparison with similar work by Bjornlund and McKay (1995; 1996; 1998; 1999).

Although 'largely speculative and qualitative' (Challen 2000, p. 145), the refinement and examination of static transaction costs in Chapter 5 provide a useful demonstration of how the transaction cost methodology can be employed to explain institutional change. More specifically, the demand for institutional change is presented in the context of a willingness to pay to reduce static transaction costs while the supply of institutional change relates to dynamic transaction costs arising from the transition to other institutions. Employing this framework to review the history of water institutions in NSW and SA leads to two main observations. First, change has been incremental, possibly reflecting the high transition costs of large institutional changes to water management in the Murray–Darling Basin. Second, institutional change that shifts property rights down the hierarchy occurs more easily (i.e. at lower cost) and more rapidly than change which moves property rights up the hierarchy.

An additional genre of dynamic transaction costs is developed in Chapter 6. Dynamic transaction costs in the form of constraints over future institutional change, or inter-temporal opportunity costs, are described using a mathematical approach. However, the concept is also described with sufficient clarity to satisfy the non-mathematical reader. Inter-temporal opportunity costs associated with institutional change are likely to be most relevant where there is uncertainty about the future state of the resource, and uncertainty about the most appropriate future institutional structure to

respond to alternative states of the resource. For example, in the context of water resources, the 'strengthening' of property rights for irrigators may lead to inter-temporal opportunity costs if the state is forced to re-purchase water for the environment in the future.

The final two chapters formalise policy objectives by describing the welfare-maximising state that accounts for the static and dynamic transaction costs described in preceding chapters. This includes discussion of inter-temporal opportunity costs and the limitations of applying the 'options' literature from financial economics in this context.

In sum, the book offers readers a valuable insight into the application of transaction cost analysis to understand institutions. The conceptual model will prove particularly useful for those studying institutional choice in the management of natural resources. The overview of water resource management in Australia also provides helpful background for researchers investigating water institutions, such as water markets. However, the book should also appeal to a more general audience with an interest in developments in New Institutional Economics.

References

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Agricultural Reform in China: Getting Institutions Right, by Yiping Huang. Published by Cambridge University Press, Cambridge, UK, 1998, pp. xiv + 225, ISBN 0 521 62055 4, \$99.

This book attempts to address the question: should China push forward with market reform or should protection policies be maintained or strengthened? This issue was raised in China largely because since 1985 growth in the rural economy and the grain sector in particular have slowed down considerably. The year 1985 coincides with the introduction of market reforms in China.

Naturally, some economists and policy analysts attribute the slowdown to the introduction of market reforms. In fact, foodgrain policies since 1985 have been sometimes inconsistent. These clearly justify a book such as this one.

In the book, Yiping Huang strongly promotes the view that China must push forward with market reforms by not only developing the domestic markets but also by opening Chinese agricultural markets to the outside world. Throughout the book, the author emphasises the importance of free grain trade or deficiencies of protection policies, while little attention is given to other issues in grain production and marketing within China.

According to the author, the reform process can be viewed as a process of gradually getting rid of various distortions such as those associated with price, income allocation and property rights. Then, how can one ensure China stays on the right track? The answer, as argued by the author, lies in getting institutions right.

Based on the above logic and background, Huang begins the book with an evaluation of the pre-reform institutions in rural China in Chapter 2, followed by a description of the well-known production responsibility system in Chapter 3. Chapters 4–6 focus on grain policy (Chapter 5), causes of grain output stagnation since 1985 (Chapter 6) and the inflation and fluctuations in grain prices after 1985 (Chapter 6). In Chapters 7 and 8, Huang refutes various arguments or views for protecting China's grain sector and quantifies the benefits of freeing up China's trade in grains.

Chapter 2 describes and briefly evaluates the pre-reform institutional setting-up. Based on the Soviet-style heavy-industry development strategy, the pre-reform rural economy can be characterised as inward-looking with a unified purchasing and marketing system enforced by a household register scheme.

Chapter 3 traces the evolution of the production responsibility system. It is viewed as a learning experience for both the government and farmers. Evaluation of such institutional changes is largely based on existing literature. Some problems with the current system are also discussed. These include decay of agricultural infrastructure, low investment by farmers and lack of economies of scale.

Chapter 4 takes grain policy as a case study. A co-operative game-theoretic model is utilised to examine forces underlying policy changes. It argues that the responsibility system made farmers increasingly powerful in negotiations with the state and consumers. This is reflected in a series of grain price adjustments and their impacts on outputs. The majority of space and effort in this chapter is devoted to the theory of government behaviour and its empirical application to China. It shows how low agricultural prices could be enforced then and why it is increasingly difficult to do so now. The empirical study indicates that farmers will become increasingly powerful, eventually turning the game from being state-dominated to farmer-dominated.

Chapter 5 attempts to explore the true causes of stagnation of grain output since 1984–85. The stagnation is attributed to lack of integration of the agricultural sector with the national economy and to the emergence of new opportunities for labour and other resources from the rural sector. The author advances a new hypothesis that the farmer's choice set has expanded after 1985 and this is believed to be the almost exclusive reason why grain output has stagnated since 1985. Hypotheses advanced by others are all refuted. These include deteriorating terms of trade, adverse weather, levelling-off of reform effects and slow technical progress in farming.

Chapter 6 focuses on the inflation and fluctuation in grain prices after 1985, particularly in the period 1993–95. It begins with a description of various price reforms: a two-tier system, price decontrol experiments and termination of the unified purchasing and marketing system. It is argued that price fluctuations are caused by incompleteness of market reform. That is, regional markets are segmented and the national market is isolated from the international market.

Chapter 7 presents a number of conceptions about agricultural trade liberalisation. It is concluded that the main supporters of protection are professional economists and bureaucrats. They highlight short-term costs and ignore long-run benefits. In the author's opinion, arguments such as food security considerations, stability of the domestic market and adjustment costs cannot be used to substantiate China's current grain trade policy.

Chapter 8 assesses three policy options: foodgrain self-sufficiency, implementation of the Uruguay Round and free trade. This is done by simulating a CGE model — the China model. It is found that free trade will raise farming income and welfare of the nation. It will also promote rural development.

This book is timely as China proceeds towards the final stage of its accession to WTO. Liberalisation of agricultural market has been one of the major hurdles throughout the negotiation process. The book also contains much original work, which will appeal to those who are interested in China's grain trade issues. However, the book almost exclusively focuses on price distortions and related trade problems. Issues such as property rights, extension and credit schemes are ignored. It also singles out grain while ignoring other sectors in the rural economy.

Some of the views expressed in the book are likely to be controversial. For example, the author states that protectionists are basically agricultural economists. One surely could ask if one billion rural residents in China would support liberalisation of the agricultural sector. The author's objection to the self-sufficiency policy is based on pure economic theory. Conclusions would almost inevitably differ if the policy were assessed in a political-economic context. Similarly, the estimated gains from free trade can vary

considerably with the relaxation of some of the many assumptions underlying the China model. It is perhaps these controversies that make this book so interesting and stimulating.

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Investment Strategies for Agriculture and Natural Resources: Investing in Knowledge for Development, edited by G.J. Persley. Published by CAB International, New York, 1998, pp. xvii + 316, ISBN 0 85199 280 3, £49.95.

The title of this book promises much; unfortunately more than it actually delivers. Yet what it does deliver is informative, topical and, as far as I can tell, fairly well researched. Much of the book is devoted to reporting on the recent history of agricultural R&D funding and service provision in many regions of the world. A variety of authors recount the institutional history and funding changes for agricultural R&D, particularly publicly funded R&D, in countries or regions of the world.

The book's 14 chapters fall broadly into two sections. The first ten chapters are devoted to country or regional studies. The last four chapters are overview and summary articles.

Chapter 1 deals with the United Kingdom. Although the reader might expect this chapter to deal mostly with investment arrangements for agriculture and natural resources, as suggested by the book's title, such is not the case. Rather, and somewhat unapologetically, this chapter considers the entire scientific and technological capability of the United Kingdom. The author suggests, perhaps rightly, that there is much to discuss and learn from the British experience in design and management of research systems. However, the reader is still left with no specific information on trends or issues specifically affecting agriculture and natural resource management in the United Kingdom.

The next nine chapters address other countries or regions. Much of these chapters is devoted to a description of institutional histories and funding arrangements for the provision of agricultural R&D, particularly publicly funded R&D. Much less attention is given to describing the funding and activity of private agricultural R&D firms and organisations. Even less attention is given to describing institutional arrangements, funding and policy changes that have affected natural resources. This is a serious yet understandable weakness of the book.

The book's title suggests that the book will explore investment strategies for natural resources. However, throughout the book, scant attention is given to this important emerging issue, probably because there are few

analyses and few data sets that comprehensively describe the regional or country changes in institutions and funding arrangements that deal with natural resources.

The countries and regions covered in the book include developed and developing economies. Each chapter dealing with a country or region includes a description of the history of institutional arrangements governing the provision of agricultural R&D, particularly publicly funded R&D. Often there is a section on the current challenges facing publicly funded R&D organisations. Also, there is often a section outlining lessons learned about the funding and provision of R&D, as well as a set of concluding remarks.

In such a book where different authors make separate contributions, the editor usually has problems ensuring consistency of style, effort and detail and this book is no exception. There are inconsistencies between chapters in the degree of detail regarding institutional change and the quantification and description of funding changes.

One highlight of the book is Chapter 11, an overview article by Alston and Pardey that describes the principles for public investment in agricultural and natural resources research. These authors make several pertinent observations such as 'it is not easy to come up with clear guidance about how to determine how much should be spent from general government revenues on agricultural R&D in total or in particular areas of research' (p. 238). Alston and Pardey canvass many of the issues surrounding investment in agricultural R&D and draw on several studies in formulating design principles for resource allocation.

Chapter 12 by Alex and Steinacker outlines some of the main research issues for natural resource management. This chapter is one of the few parts of the book that deals specifically with natural resource issues. In general terms, the nature, funding and importance of these issues over the past twenty years are described. Apart from the inclusion of some US data, there is little country-specific information presented about the institutional and funding changes surrounding natural resource management. Given the book's title, most readers would anticipate more exploration of the issues and facts surrounding investment in natural resource management. For example, I am aware of reports and data sets for Australia that could usefully inform readers about issues and changes in investment in natural resources in Australia.

The penultimate chapter by Doyle and Persley describes the nature and impact of new biotechnologies. It is a brief exposé, with parts already dated by subsequent developments and there are more recent data sets that describe farmer adoption and production impacts of these technologies. It nonetheless is a necessary topical inclusion pointing to a significant new area of agricultural R&D expenditure that has ramifications for the allocation of

R&D resources in agriculture as well as some implications for the management of some natural resources. The brief final chapter reiterates some key findings and issues, and points to future developments.

Overall, the book is a useful reference for those interested in the trends and issues affecting the public funding of agricultural R&D. It presents a fairly comprehensive compendium of country surveys. The book, however, fails to provide the reader with many insights or country data sets regarding institutional arrangements and funding trends and issues for natural resource management. Aside from this oversight, the book is recommended to research administrators, to those involved in the allocation of funds for agricultural research and to those interested in research policy. The text is non-technical and accessible to a general reader.

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Agricultural Price Risk Management: The Principles of Commodity Trading, by John Williams and William Schroder. Published by Oxford University Press, Melbourne, Victoria, 1999, pp. xxii + 416, ISBN 0 19 550811 4, \$69.95.

This book was written from materials assembled for an Open Learning Australia initiative and is based on course notes and materials. It provides coverage of price risk management from trading, and, to a lesser extent, farming, perspectives.

It is written as a text, and reflects a competency-based approach to learning, with each chapter starting with an outline and list of learning objectives and ending with summary, glossary, questions and answers, and references. The target readership is 200- or 300-level students enrolled in business, commerce or agribusiness courses in Australian tertiary institutions. Students using the text would not require any prerequisite knowledge of microeconomics or agricultural economics.

The text covers seven broad subject areas presented in sixteen chapters. The areas discussed are how commodity markets work, forecasting commodity prices, collective price risk management by farmers, forward markets, commodity futures markets, option markets and technical trading strategies.

Chapters 1 and 2 introduce the concept of price risk and describe the characteristics of commodity markets. Various types of price risk are introduced largely from the perspective of traders. These include margin, basis, time, exchange rate and other types of risk. The definitions are clear and unambiguous here as throughout the book. Commodity markets are explained in terms of participants, market functions and various types of market structures.

Chapters 3 and 4 cover price determination in terms of prices, elasticities and demand and supply shifters and describe how these concepts are used to forecast prices. The coverage of collective price risk management in Chapter 5 has some interesting perspectives on the Reserve Price Scheme for wool and discusses, in a fairly simple fashion, the mechanics of buffer stocks, buffer funds and other farm-level collective risk management strategies. The example provided of 'acreage controls' seems odd since such policies are not usually associated with risk management, collective or otherwise.

Chapter 6, on forward markets, is the best chapter in the book and provides a comprehensive discussion of how forward commodity markets work and useful descriptions of how forward contracts are structured. The discussion of the strengths and weaknesses of these instruments at the end of the chapter is excellent.

Chapters 7, 8 and 9 deal with futures markets and provide descriptions of market structure and institutions, mechanics of trading, the basis and how speculators and hedgers 'fit in' to the futures market picture. There are the usual mini-budgets of different trading positions and detailed descriptions of the implications of different hedging and speculative strategies.

Chapters 10 and 11 cover put and call option commodity option contracts, how premiums are determined (an intuitive description of the Black model is provided) and explore trading combinations using pay-off diagrams. A 'real-world' Australian example of a cash-call contract is described.

Chapters 12 and 13 deal with more sophisticated trading strategies and forecasting techniques. Both chapters have a rather 'seat of the pants' feel about them. There seems to be unnecessary detail on highly specific speculative strategies and Chapter 13 focuses on 'technical trading' (charting) techniques in a particularly uncritical manner.

This book left me feeling strongly ambivalent about it. It has many strengths as a teaching text. In particular, it is lively and well written and hence likely to be used by students rather than left collecting dust. The authors are generous with definitions, providing both a glossary at the end of each chapter and explanations of technical terms throughout the text. In addition, the Australian examples of different types of markets and their arrangements must provide a useful platform for learning.

However, I also have some reservations. The authors' avoidance of economic theory means that students do not learn that management of income (or wealth) variability is the central objective in risk management and that approaches to price risk must be in the context of financial, production and other types of risk. Although the authors, by their choice of title, do not claim to be covering these areas, the broader context into which management of price risk fits is not well covered. Another reservation is the authors' own ambivalence about the role of speculation. In places, the authors point out that

speculators usually lose and that 'the market owes no-one a living' while, simultaneously, the broad thrust of the book supports the view that forecasting of future prices is central to management of price risk. The separation of the concepts of hedging and speculation is murky. What is sorely needed is a non-technical discussion of the efficient markets literature. The point needs to be made that information is likely to be used very efficiently in markets and what this implies for forecasting of prices. This is particularly true of the last chapter on technical approaches to forecasting such as the 'Elliot Wave Theory'. The authors state: 'Technical analysts believe . . . we are living in a changing world with a certain level of predictability that historical events will repeat themselves.' Even if this statement is true, I am not convinced it will help anyone wishing to make speculative profits.

Despite these reservations, I recommend the text for use in commerce and agribusiness courses, particularly for students who have no knowledge of economics. The book may also be of interest to farmers since it is rich in examples and provides practical 'how to' descriptions of how hedging actually works.

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Marketing Agricultural Products: An Australian Perspective, by Tony Dunne. Published by Oxford University Press, South Melbourne, 1999, pp. vi + 218, ISBN 0 19 553991 5, \$39.95.

Marketing Agricultural Products runs just over 200 pages. The book commences with an overview called 'Times Are Changing'. Part 1 is entitled 'The Building Blocks of an Effective Marketing Strategy' and includes Chapters 1–3. Basic principles are dealt with in this part. Part 2 is entitled 'A Marketing Strategy for an Agribusiness Firm' and comprises Chapters 4–9. This Part deals with establishing the current situation; placement strategy; product strategy; promotional strategy; pricing strategy; and marketing strategy management. Part 3 is entitled 'Special Topics' and has two chapters — one is about price risk management and the other is about international marketing.

The book is extremely well written, in clear language, and the content of this book is sensible and accessible to a wide range of readers. Lots of pictures and boxes and arrows (for those who like that sort of thing) help clarify an already clear exposition. The balance of analytical versus descriptive material is good, and the use of many topical extracts and examples grabs the attention of the reader and enlivens the book nicely.

In this book, basic economic principles, the principles of strategic management and basic marketing principles are dealt with. In the section on basic economic principles, Dunne quotes the earlier book by Campbell and Fisher (1991) *Agricultural Marketing and Prices*, a book of similar size to this one but in a different disciplinary tradition and with a much tighter focus. Campbell and Fisher demonstrated applied agricultural economic techniques and their focus of the whole book was agricultural supply, demand and price. Dunne has covered a far wider range of topics mainly to do with marketing, not to do with price and supply and demand, with the concomitant danger that some of the economic material, at least, may appear a little bowdlerised. In the marketing tradition, a standard marketing text like Kohls and Downey (1972) takes some five hundred pages to achieve the degree of informed depth that, once mastered, enables one to say it is common sense.

Thus a criticism of *Marketing Agricultural Products* is that, having worked their way through it, the students may not be in a strong position to say it is common sense, because the depth of coverage of material, as against breadth, may be insufficient to provide the understanding needed for something to become common sense. It is difficult to know exactly where wide-ranging coverage of material fits into a student's learning process — does the bigger picture only make sense once the parts are understood at some depth? Is an overview integral to an understanding of the parts? Both of these things are true. In this case this book is an overview to some of the ways people think about marketing agricultural products and some of the things that happen along the way. Thus, it would be useful in an introductory course as a book to read, probably as a 'first read' rather than as a text.

In this book, the economics is roughly right, although Dunne clearly prefers the marketing. For instance, when discussing pricing strategy, the treatment of cost-plus analysis and target pricing seems astray for an agricultural activity, or at least the question of the time when such approaches could be relevant is not made clear, i.e., before resources are committed to a form of production. There is a widespread notion propagated by Departments of Agriculture and others that, having decided on an activity and implemented the decision, farmers need to choose the prices at which they are prepared to sell. Possible 'target prices' are only relevant when a decision about a form of business activity is being made: once the farm is bought or the crop is in the ground or the sheep are grazing and compulsively growing their wool, it is simply the question of getting the best price possible, hopefully covering as much of the variable and overhead costs as possible or, further along the track, covering harvesting costs. Fallacies about the economic relevance of notions of cost of production seem to live on, and are not debunked in this book.

Overall, however, *Marketing Agricultural Products* is a readable, well-written account of some ways of thinking about marketing agricultural products and a good first read for students.

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Sonar Bangla?: Agricultural Growth and Agrarian Change in West Bengal and Bangladesh, edited by Ben Rogaly, Barbara Harriss-White and Sugata Bose. Published by Sage Publications, New Delhi/London, 1999, pp. 425, ISBN 81 7036 771 9, £35.

This book analyses agricultural growth and agrarian change in the Indian state of West Bengal and in Bangladesh. The book is a collection of papers presented at the Workshop on Agricultural Growth and Agrarian Structure in Contemporary West Bengal and Bangladesh in Calcutta in January 1995. In addition to these papers, some other chapters are also included which were written especially for the book.

The book is readily accessible with contributors using simple tables to illustrate interrelationships between agricultural growth and agrarian structures and the outcomes in terms of well-being. The book's title (*Sonar Bangla?*) means Golden Bengal and its subject matter covers, in a reasonably critical manner, research on agricultural growth and agrarian change in the Bengal region.

The book begins with an introduction to agricultural growth and agrarian change in West Bengal and Bangladesh in the past twenty years. This introduction has three sections: development of agriculture in Bengal and evidence of a turnaround, policies and practices and changing structures. It summarises the historical background to agricultural development in Bengal which is later expanded in Chapter 2. It also provides information on contrasts between Bangladeshi and West Bengali policy regimes. Reference is made to papers and discussants' comments from the Workshop.

The remainder of the book is divided into three parts. The first part is on agricultural growth, poverty and well-being. Five chapters (Chapters

2–6) discuss these issues. The history of the growth, the decline and the revival of Bengal agriculture is described. The issue of whether there has been deterioration in poverty and real wage rates associated with these patterns of agricultural growth is also discussed. Contrasts between the north-west (relatively advanced) and south-east (relatively backward) areas of Bangladesh are drawn.

The second part of the book provides information on agricultural policies and practices adopted in Bengal in the past and comprises four chapters. The influence of interlinked structures of agrarian class relationships, of the market and of the state in Bangladesh on policy interventions is described with emphasis on technological innovation and resulting changes in trends in agricultural production and shifts in income distribution. Three main themes are analysed: people's perceptions of the *panchayat* program; the degree and nature of grassroots support for political parties; and the nature of everyday social conflict in the Bengali countryside, focusing on conflicts over agricultural labour and tenancy. Based on these three themes and the interactions between them, the *panchayat's* contribution to empowerment of the poorest in contemporary West Bengal is assessed. The social, political and economic gains made by the Bagdi and Munchi *jatis* (lower castes) of two villages of the Bardhaman district in West Bengal are examined. It is concluded that a close link existed in the locality between the leadership of the local branch of the Communist Party of India (Marxist) and one particular *jati*.

The last part of the book describes changing agrarian structures. Questions are raised about concepts, categories and assumptions used in the representation of the agricultural system in Bangladesh and an alternative set of concepts is suggested. These include providing a more in-depth treatment of the interplay of institutions and actors engaged in rural development. The relationships between seasonal migration and agrarian change and the impacts of agricultural growth upon agricultural markets and the politics that surrounds them in West Bengal are all examined.

This book has broad appeal and should be of interest to most people working in development studies since it provides a number of different disciplinary perspectives on agricultural growth and agrarian change. In particular, rural planners and administrators should find the book valuable and informative and, likewise, agricultural economists, rural sociologists, political scientists and economic historians.

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