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## Book reviews

*Agricultural Trade Policies in the New Millennium*, edited by P. Lynn Kennedy and Won W. Koo. Published by Food Products Press, Binghamton, New York, USA, 2002, pp. xvii + 377, ISBN 1 56022 933 0 (pbk), \$US49.95.

Agricultural policies continue to be a source of tension between members of the World Trade Organization (WTO). This state of affairs is bad enough, but when it is set in the context of the Doha Round of multilateral trade negotiations in which success in the agricultural negotiations is a necessary condition for successful outcomes in other items on the agenda, then the fundamental differences that exist between governments over agriculture are even more serious. While the successful completion of the Uruguay Round had brought agriculture back into the General Agreement on Tariffs and Trade, albeit to a limited extent, it was recognised through Article 20 of the WTO Agreement on Agriculture that the process of developing a market-orientated, international trading system for agricultural products had only just begun. Article 20 of that Agreement required further negotiations to take place, beginning in 1999, but from the time that they actually began in early 2000, real progress has remained elusive.

Between 1995 and the dawn of the new millennium, the EU initiated further reforms of the Common Agricultural Policy (CAP); the USA implemented the Federal Activities Inventory Reform Act in 1996, which promised less government intervention than previous legislation had allowed; the developing and least-developed countries continued to be dissatisfied regarding the gulf between the rhetoric from the developed countries about agricultural trade liberalisation and the reality of the continued impeding of their exports to developed country markets; and the language of agricultural policy was enriched with the terms 'non-trade concerns' and 'multifunctionality'. Since the year 2000: the USA has enacted new farm legislation (the Farm Security and Rural Investment Act of 2002), which has set the clock back on reducing government intervention; CAP reform has been achieved (2003), but with trade effects that are difficult to predict; the Cairns group has lost its leadership and its potency; new coalitions on agriculture have emerged (e.g., G-10, G-20, G-33, the Core Group) and preferential trading agreements, both actual and being negotiated, have caused the focus and momentum on multilateralism to be diminished.

The chapters in this book are based on papers given at a conference in the USA in May 2000, the aim of which was to gather experts in agricultural

trade policy analysis and to have them discuss emerging issues in the context of the negotiations in the WTO and the regional trade agreement known as the FTAA (Free Trade Agreement of the Americas). The 19 chapters are divided into three parts: (i) key issues influencing agricultural trade negotiations; (ii) commodity trade issues; and (iii) multilateral trade negotiations: issues and concerns. In addition, there is an introductory chapter and a concluding chapter written by the editors.

In the first part, there are chapters by Schmitz and by Josling on the key issues: for example, the three boxes of the Agreement on Agriculture, on the impossibility of truly decoupling output decisions from government budgetary transfers, on state trading enterprises, and on aspects of health, food safety and the environment (including genetically modified foods). There are a three further chapters with perspectives from each of the EU (Blandford), the USA (Sumner) and the developing countries (Hertel *et al.*). There is also a final chapter in this part on environmental issues. Each of these chapters provides a useful summary of the concerns as they existed in 2000; however, if a criticism is to be made, perhaps each is too much a summary and not enough of a critique or evaluation. This comment applies particularly to the chapter on the links between agricultural trade liberalisation, the environment and the role of the environmental lobby in influencing governments' positions on agricultural policy.

The second part comprises five chapters. Each describes aspects of the market for a different commodity and analyses the issues facing that commodity in either the WTO or FTAA negotiations. The commodities covered are rice, sugar, wheat, coarse grains and cotton. In each case, the authors adopt essentially a US interpretation and perspective. Such a perspective is understandable in the context of the FTAA, but not in the context of the multilateral negotiations. Moreover, the lack of a balanced perspective caused at least some of the authors to be less than critical of the effects of US policies on international markets. The chapter on cotton is particularly revealing in this respect in view of the subsequent criticisms that were levelled at US export subsidies at the WTO Ministerial Conference at Cancún in 2003, their effects on four countries in West Africa which are heavily dependent for their foreign exchange earnings on exports of cotton, the response of the US delegation to these criticisms and, more recently (2004), the judgement by the WTO Dispute Panel on these subsidies which found against the USA.

The third part of the book has 8 chapters which deal with: (i) an analysis of the volume and value constraints placed on the use of export subsidies; (ii) the interests of and options for the USA and where its emphasis should lie; (iii) the welfare effects for the USA of the FTAA as compared with multilateral outcomes; (iv) whether or not the North American Free Trade Agreement has been trade creating in agricultural goods; (v) the use of

antidumping duties on imports of agricultural products; (vi) the Agreement on Sanitary and Phytosanitary Measures; (vii) modelling international markets for agricultural products using a multi-region, multi-commodity, partial equilibrium model; and (viii) the effects of changes in US farm commodity policy on domestic price volatility.

The rather glacial pace at which reforms of agricultural policy are occurring means that much of the content of the book remains useful and relevant, especially to those readers who would like a summary rather than a detailed economic and legal analysis of the main issues. For those who would like to bring their knowledge of events more up-to-date, then the paper by the WTO is extremely useful (WTO 2004).

In the intervening years between the time that these chapters were written and today, the emphasis in the negotiations has shifted. For example, in the traditional areas of market access, domestic support and export competition, it is now accepted that the first is the most important, especially for the developing countries in a Round that has been labelled the 'Development Round'. But in this regard, the chapters are not particularly helpful because there is no technical analysis of alternative ways of negotiating a reduction of tariffs or of handling tariff rate quotas. Then there is the morass labelled 'non-trade concerns' in which animal welfare, geographical indications, GM foods, biodiversity and multifunctionality are all items to be negotiated. To an even greater extent than in the traditional areas, governments are approaching these non-trade concerns from fundamentally different philosophical positions. Amongst the developed countries, some are approaching multifunctionality from the perspective of applied welfare economics and the targeting rule, which links an objective with a set of instruments; others interpret the multifunctionality of agriculture as a means to achieving a higher level, social objective. As the WTO is concerned with instruments and not with objectives per se, this alternative interpretation raises the stakes and makes a rational economic outcome more unlikely.

In their concluding chapter, the authors appear optimistic that these two fundamentally different positions can be bridged:

Policy analysts can provide leadership in this area through the identification of policy alternatives that address the various non-trade concerns in a manner consistent with a fair, market-orientated agricultural trading system. Identification of politically acceptable policy alternatives of this nature could provide members with the necessary incentive for the further elimination of inefficient trade-distorting policies.

For the governments of countries such as Australia, which are prepared to apply economic principles to non-trade concerns, politically acceptable

policy alternatives can readily be identified and accepted. However, for countries such as Japan and for many in Europe, for which agriculture is 'special', it is believed fervently that economic principles not only do not apply to agriculture but will not be applied. In this respect, the content of the book is a little dated and the approach to identifying solutions somewhat descriptive rather than truly analytical. Political as well as economic events have moved on since 2000 and the title of the book already seems *passé*.

Despite these reservations, this book provides a useful overall summary of the policy issues that confront negotiators. The material is easily accessible to undergraduate and postgraduate students and for professional economists who are not specialists in agricultural trade policy and who feel the need to catch up, this book is a good starting point from which to tackle the WTO update (WTO 2004).

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### Reference

WTO (World Trade Organization) 2004, 'Agriculture negotiations: the issues, and where we are now', Geneva, 20 April.

*Privatization and the Crisis of Agricultural Extension: The Case of Pakistan*, by Andrew P. Davidson and Munir Ahmad. Published by Ashgate Publishing Ltd, Hants, UK, 2003, p. xiii, ISBN 0 754 63274 1 £45.

This book by Davidson and Ahmad is published as part of the King's School of Oriental and African Studies Series, and this gives some clue to the theoretical basis of the analysis conducted by the authors. It is written from a strong sociological perspective, and although the authors claim to assess the 'comparative effectiveness' of public/private extension, they do not mean this in any neoclassical economic sense. Rather, they are interested in effectiveness as assessed by the farmer recipients of extension programs in Pakistan.

The first chapter of the book reviews the extension privatisation debate and sets the premises for the analysis that is to follow. I found this chapter somewhat disjointed and essentially over-referenced, or perhaps poorly referenced (as judged somewhat arbitrarily by the citation to one of my own publications). The authors dismiss the suitability of neoclassical notions of effectiveness where, 'effectiveness is assumed when the criteria of efficiency are met' (p. 15) and lay out their theoretical framework as follows:

When effectiveness is uncoupled from the dictates of neoclassical efficiency, it quickly reveals congeries of meaning and becomes difficult to delineate, operationalize, and measure quantitatively. The theoretical framework guiding this study was built upon the three concepts for operationalizing effectiveness: (1) the organizational environment of extension services; (2) the dissemination of information or innovations; and (3) the socio-economic context of the farmers. (p. 15)

Basically, this framework gives scope to collect a great deal of rich and detailed data on the operation of the extension services under review, and was enough to encourage me to keep reading.

The second chapter entitled 'Agricultural Extension in Perspective' very briefly outlines various definitions and aims of agricultural extension and devotes but three pages to extension approaches. It then goes on to give a much more comprehensive overview of extension services in Pakistan. The third chapter then reverts back to a detailed discussion of the conceptual framework of the analysis. I found this chapter hard-going, given my limited knowledge of postmodern organisational theory. However, the authors have done a fair job of reviewing the three concepts for 'operationalizing effectiveness' as outlined earlier. Figure 3.1 (p. 48) illustrating the 'Conceptual model for studying the effectiveness of extension services' makes it clear that the authors intend effectiveness to be directly assessed from the perceptions of farmers.

Chapters 4–7 essentially report the research findings, and describe the study site, the organisation and activities of the public and private sector extension agencies, and the attitudes of farmers. I found these chapters compelling reading and easily the most worthwhile part of the book. The authors admit to having had an 'agenda' of exposing those who were left out by privatised extension, but have ended up damning both public and private extension services in Pakistan.

Amongst the results that they report is the almost unbelievable fact that the 'farmer contacts' used by the public and private sector services were almost completely identical. Only 8 per cent of the contact farmers did not overlap between the sectors. Both extension services displayed a bias towards farmers with above-average education and landholdings; although the private sector focused more on larger farms, and the public sector on more educated farmers. Some smaller and younger farmers were picked up by the private sector. Furthermore, contact farmers were rarely used as information sources by farmers who fell outside the services of both extension providers. These results are a damning exposure of the fallacy of relying on 'contact' farmers to diffuse information to other farmers, at least in Pakistan where there are issues of class and caste. However, social class and associated status issues exist in most societies.

Many extension perils common to developing countries are well illustrated, including: the crucial and dominant information role played by input dealers; the inefficiencies associated with having a large but under-resourced staff; and the low organisational morale which comes about when promotion is based not on merit and productivity but seniority and connections.

The last chapter is a disappointment, as the authors attempt to explore what this failure (from the farmers' perspective) of both public and private extension means. Their assessment is that 'Neither extension system seems capable of formulating broad-based inclusive methods designed to mainstream marginal farmers' (p. 133). In this final chapter entitled 'Conclusions and Possibilities: *Requiescat in Pace*', they explore the potential role of extension in community development, an idea that was pre-empted in the preface to the book.

I felt it was late in the book to ask the question 'what role should extension play?' The first sentence of this concluding chapter states: 'Before outlining recommendations, exploring extension alternatives, and stating conclusions it is best to draw back and locate agricultural extension in the wider theoretical framework of development' (p. 127).

This in itself is a reasonable question to ask, but the community development perspective should have been developed earlier as a research question, so that issues related to the role of extension could have been addressed in the literature review in earlier chapters and throughout the research. As it is, the discussion in this concluding chapter is too brief and disjointed to satisfy this reader. For example, in the course of the argument in the final chapter they introduce several examples (non-governmental organisations and land care in Australia), but the discussion was essentially too short to contribute sensibly to the argument. The authors have distanced their concluding remarks from the premises outlined in the opening chapters. This downplays the significance and interest of the research results presented in the preceding chapters.

In essence, the authors have assessed the extension services from the farmers' perspective and found it wanting. It could be argued that this is interesting, but not especially helpful when trying to assess extension services. We have no way of knowing on what basis the farmer is assessing effectiveness. Almost certainly, extension providers and recipients of extension services will have different goals and objectives. Generally, extension services are not set up specifically to supply extension to meet individual farmers' goals and objectives beyond a general aim, for public providers at least, along the lines of 'improving farmer livelihoods'. But public providers will also be attempting to meet many other government objectives relating to agricultural production.



These comments do not mean that the role of extension should not be raised as an issue. It is of interest generally, and especially so in developing countries with large, poor smallholder agricultural sectors. However, when extension services are focused to meeting community development needs it becomes even more difficult to assess the success of programs (see, e.g., Marsh and Pannell 2000). In the last chapter, the authors agree that there are difficulties, and indeed attempt to explore some of the issues.

This book reports some interesting and worthwhile research, but the authors have attempted to address complex issues in conclusion that are not adequately developed in the initial chapter on 'Agricultural extension in perspective' or the underlying research premises outlined in Chapter 3. As such, the book ends in a confused and unsatisfactory way for this reader, attempting to relate the significance of the research results with enormous questions such as: 'Why has life become more difficult and onerous for a great number of people across the world?' (p. 140), and '... what do we really expect extension agents to do?' (p. 141).

A final complaint in conclusion. Many small typographical and editing errors in the book are irritating: including incorrect table numbers, typographical errors, missed words, and badly worded table headings. I found myself hoping that the authors' research was more thorough than their proofreading. I've never read a published book with so many errors.

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### Reference

- Marsh, S.P. and Pannell, D.J. 2000, 'Agricultural extension policy in Australia: the good, the bad and the misguided', *Australian Journal of Agricultural and Resource Economics*, vol. 44, pp. 605–627.