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Book Reviews

Whole Is Less than the Parts

Economic Efficiency in Agricultural and Food Marketing. Edited by Richard L. Kilmer and Walter J. Armbruster. Ames: Iowa State University Press, 1987, 315 pages, \$24.95

Reviewed by Gerald Schluter

This book leaves its readers wanting more. Not wanting more because they vibrate with intellectual stimulation or visions of new paths being carved through new frontiers of knowledge. Wanting more because of being misled and finding themselves wandering in an uncharted wilderness rather than exploring new frontiers. The book compiles symposium papers and discussions presented by an impressive list of 28 leading agricultural economists from the United States and Israel at a symposium held in 1985. The papers addressed the measuring and monitoring of efficiency in the agricultural and food marketing system. Yet, despite the credentials of its participants, the sum of the resulting proceedings is less than the parts. To borrow the technical terminology of the conference, the result is not a point on the profession's production possibility frontier but rather an inefficient use of the participants' capabilities.

As I searched for possible reasons for these unfulfilled expectations, I formed a list of "what might have been." What if the conference organizers had circulated the lead article by Rausser, Perloff, and Zusman, "The Food Marketing System: The Relevance of Economic Efficiency Measures," before other participants started their papers? Would the others then have had a clearer idea of what was being measured and how? Would that have lessened the apparent disorganization where individual authors seem to have their own version of the dimensions of the food system and appropriate measures of efficiency?

What if a comment by William Tomek made in discussing Richard Kilmer's paper had served as a slogan or model for the conference: "It is too much to ask any single paper to deal with the entire puzzle, but the big picture must be kept in mind as we deal with the pieces?" That would have eliminated half of the 16 chapters. But, that would have been unfortunate. Some of the better discussions were the weaker, less focused articles. The just-quoted Tomek discussion fits this category.

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What if the organizers and participants agreed to an appropriate measure of output of the food marketing system before they debated appropriate efficiency measures and conceptual bases for these measures? Although the book is billed as a conference book exploring economic efficiency in agricultural and food marketing, one searches in vain for a systemwide measure of output. The reader cannot find a discussion of the obvious measures: either total domestic food cost/total resources devoted for the whole food system, or total domestic food costs—farm value/total processing and distribution resources for the food marketing system. Shortly after this conference, USDA's Economic Research Service began regularly publishing an annual estimate of direct and indirect labor commitment to the food system in the *Food Marketing Review*. These estimates have been favorably received. Yet, the conference book contains not a single reference to the usefulness or the need for this type of measure and its role in efficiency analysis.

What if the editors and publishers had considered the readers' needs and interests in editing and preparing the book for publication? The decision to give readers an index was apparently made at the last minute because it is tucked into a pocket insert in the back cover. Obvious and nonsensical typos sprinkle the text, for example "a policy is a social welfare improvement if and only if $(CV_j > -CV_j)$ for all j and CV is the compensating variation measure of gains and losses" (p. 84). This strange tautological statement of Ng's quasi-Pareto criterion intrigued me. I went to the cited reference to see if the statement came from bad editing or bad writing. I still don't know. The reader will look in vain for a similar statement in the cited Ng reference. Standardization in citations is weak. For example, the National Commission on Food Marketing, a group that published its final report in 1966, is referred to at least three times in three different ways. Yet readers unfamiliar with the group who referred to the "afterthought" index would find that the only reference to this commission in the index was a citation that doesn't give a source. Evidently, the reader is supposed to be familiar with it.

Should JAER readers ignore this book? No. While it fails to deliver what's intended and the editors and publishers contribute to a reader-unfriendly book, it

contains some strong individual papers. James MacDonald, for example, in his discussion of economics of scope and contestability theory, and Nancy Bockstael, in her discussion of grading and minimum quality standards, both handle their special area well in following the Tomek "model" of keeping their eye on the big picture while dealing with the pieces. Other notable contributions include the three subsection summaries by Ben French (economic efficiency), Ron Ward (concepts for evaluating

economic efficiency), and Richard Heifner (economic efficiency, public programs, private strategies).

In addressing timely and appropriate topics, the book drew on an impressive list of contributors. But by allowing many unfocused papers, it missed a great opportunity. It makes disappointingly little progress toward even defining the issues. How or why would you want to measure efficiency if you didn't know or care about the level or nature of your output?

The papers include Section I—Economic Efficiency (1) "The Food Marketing System: The Relevance of Economic Efficiency Measures" by Gordon C. Rausser, Jeffrey M. Perloff, and Pinhas Zusman, a discussion by George W. Ladd, (2) "Economic Efficiency and Welfare Measurement in a Dynamic, Uncertain, Multi-market World" by Richard E. Just, a discussion by Rulon Pope, (3) "The Science and Art of Efficiency Analysis: The Role of Other Performance Criteria" by J. Walter Milon, a discussion by Emerson M. Babb, (4) "Does the Concept of Economic Efficiency Meet the Standards for Truth in Labeling When Used as a Norm in Policy Analysis?" by James D. Shaffer, and (5) "Comments on Efficiency" by Ben C. French.

Section II—Concepts For Evaluating Economic Efficiency (6) "The Economic Efficiency of Alternative Forms of Business Enterprise" by Ronald W. Cotterill, a discussion by Lee F. Schrader, (7) "The Economic Efficiency of Alternative Exchange Mechanisms" by Richard L. Kilmer, a discussion by William G. Tomek, (8) "Economies of Scope, Contestability Theory, and Economic Efficiency" by James

MacDonald, a discussion by Timothy G. Taylor, (9) "Economic Efficiency and Market Information" by Frances Antonovitz and Terry Roe, a discussion by Dennis R. Henderson, and (10) "Comments on Concepts for Evaluating Economic Efficiency" by Ronald W. Ward.

Section III—Economic Efficiency, Public Programs, Private Activities (11) "Economic Efficiency and Marketing Orders" by Edward V. Jesse, a discussion by Mary C. Kenney, (12) "Economic Efficiency Issues of Grading and Minimum Quality Standards" by Nancy E. Bockstael, a discussion by John P. Nichols, (13) "Futures Markets and Intertemporal Commodity Pricing" by Anne E. Peck, a discussion by Sarahelen Thompson, (14) "Efficiency in Commodity Storage" by Bruce Gardner, a discussion by Jerry A. Sharples, and (15) "Comments on Economic Efficiency, Public Programs, and Private Strategies" by Richard G. Heifner.

Section IV—Summary and Research Directions (16) "Economic Efficiency and Future Research" by Richard L. Kilmer and Walter J. Armbruster.