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## Searching for Appropriate State Intervention

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*Agriculture and the State—Growth, Employment, and Poverty of Developing Countries.* Edited by C Peter Timmer Ithaca, NY Cornell University Press, 1991, 312 pages, \$45

*Reviewed by Gene Mathia*

The setting and timing must have seemed propitious for a discussion of how governments of developing countries intervene in the agricultural development process and what approaches seem to work. The role of the state in agriculture was the topic of a conference in August 1989 in Switzerland's Marbach Castle.

The conference coincided with the beginning of the collapse of several governments in countries with very strong central planning authority. The fall of the Berlin Wall and the demise of several Eastern European governments seemed to have tempered the discussion of government's role in the development process. Heard were such comments as "agricultural development would go better without the government" and "the state can be trusted with nothing but defending the border." However, this view evidently gave way to support for a more active government role. Some held the belief that "governments should provide public goods and correct important market failures" and questioned the premise that "free markets and minimal state intervention are the surest path to riches."

This book focuses on the success of common forms of government intervention and the historical precedent for defining the appropriate role of future government involvement. By way of introduction, Timmer defines the areas where there is general agreement in principle for productive government involvement in agriculture. Included among them are agricultural research, agricultural extension, irrigation investments, and marketing infrastructure. The more controversial areas are land tenure, farmer organizations, marketing boards, and price policy.

Peter Linert follows with a historical assessment of agricultural policies by evaluating nominal protection coefficients to test two observed patterns—the developmental pattern—the more advanced the nation, the more its government favors agriculture, and the anti-trade pattern—governments tend to tax exportable-good agriculture and protect import-

competing agriculture." Linert believes farmers increase their effectiveness in lobbying to gain widespread sympathy as the sector shrinks. The agricultural lobby continues to grow as farm operators and landowners see government as a sentry against unpopular price movements. He fails, however, to address the problem that plagues most developing-country governments, that is, the inability to finance and manage the economic growth.

Alberto Valdes makes a case for growth through agricultural exports, demonstrating the relative success of that strategy in selected countries. However, he and James Houck question the wisdom of the strategy if it is pursued by many countries simultaneously. Some of the more obvious concerns would be the promotion of exportable products at the expense of food crops in countries where people go hungry, the often painful macroeconomic reforms, especially exchange rates, essential to stimulating expanded export opportunities, and the required domestic reforms that mean an efficient incentive structure for both producers and consumers. The authors do not address the problem of an underlying cost structure in both producing and marketing export crops, an expensive proposition for many developing countries.

Peter Timmer examines the need for a development policy that would raise agricultural productivity and would strengthen various aspects of production. He argues for a strategy that would increase labor productivity through increased capital investment, introduction of new technology, and improved labor mobility. The implication is that raising labor productivity and wages in agriculture may be better accomplished by creating opportunities in the industrial and service sectors than by intervening in the agricultural labor market and holding labor on the farm.

The World Bank and other development institutions that finance government-sponsored rural development and food aid as development tools were the subject of three chapters. Successes and failures of rural development projects are reviewed. The important point was that successful rural development projects require a strong government commitment along with several essential supporting services of domestic institutions. Economic assistance through food aid, though, is a costly resource allocation and is not a good countercyclical element in the world food economy, that is, quantity of food aid is generously provided when world stocks are large and prices are low but scarce when world market

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conditions are tight and prices are high. Current and expected low food surpluses in the donor countries (recognizing the difficult problem of alleviating hunger in situations created by location and political unrest), and creating incentive problems in recipient countries lead to low expectations for an expanded food aid program. Food aid for emergency situations received a high mark, but using food aid for development projects and balance of payments support is controversial.

The final two chapters address government characteristics that enhance economic and agricultural development. Faaland and Parkson describe the basic constraints to effective government support in modernizing agriculture, including limited governing powers, short-term survivability, and political alienation. They conclude that "it is the totality of the government that provides continuity of government function." They express the view that it is undesirable for a strong and stable government to intervene in agricultural production decisions, marketing, and setting prices. Its attention can be more effective in providing infrastructure and improving market mechanisms. Of course, infrastructure development carries a high price tag, a burden for governments with problems raising revenues and selecting priorities.

The concluding chapter by Timmer furnishes some valuable insights into the potential role of the state. Turning his attention to the timing and scope of government involvement, he emphasizes the importance of economic growth to help solve problems otherwise considered distributional issues. He concluded that "redistribution without growth has powerful and negative incentive effects on the rural economy, the only way to reduce poverty and hunger is to raise labor productivity, employment, and real wages of unskilled labor." Analysts must address these problems of developing countries today. How can governments support agricultural development—when public funds are scarce? when there are competing and legitimate demands from other potential sectors? when international funding

is not expected to increase greatly? when potential benefits of foreign trade are subject to international trade agreements like GATT?

The discussion of several development tools and approaches demonstrates that any one intervention will not likely succeed as an engine of growth. What will work is a mix of well-managed government programs which foster growth and allow for time for institutions to change and adjust to new guidelines and incentives.

The book should be useful to policymakers in the developing countries and the international development institutions by raising questions about probable success or failure of alternative policy actions. The limited presentation of data on empirical results, however, may constrain its usefulness as a research document.

The chapters include (1) "The Role of the State in Agricultural Development" by C. Peter Timmer, (2) "Historical Patterns of Agricultural Policy" by Peter H. Linert, (3) "The Role of Agricultural Exports in Development" by Alberto Valdes, (4) "Observations on Export-Led Growth as a Development Strategy" by James P. Houck, (5) "Agricultural Employment and Poverty Alleviation in Asia" by C. Peter Timmer, (6) "Government-Sponsored Rural Development Experience of the World Bank" by Graham Donaldson, (7) "Rural Development Problems and Prospects" by Cristina C. David, (8) "Food Aid, Development, and Food Security" by Edward Clay, (9) "Food Aid? A Comment" by Walter P. Falcon, (10) "The Nature of the State and the Role of Government in Agricultural Development" by Just Faaland and Jack Parkson, (11) "Notes on Agriculture and the State" by Raymond F. Hopkins, and (12) "What Have We Learned" by C. Peter Timmer.

## Food for Thought

***Food Trends and the Changing Consumer.*** By Ben Senauer, Elaine Asp, and Jean Kinsey St Paul, MN Eagan Press, 1991, 385 pages, \$39.95

**Reviewed by Kuo S. Huang**

What are the trends in American eating patterns and lifestyles? How are U.S. demographics changing

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and how will they affect food consumption? How do consumers view food product attributes, food safety, nutrition, advertising, and brands? This book provides a comprehensive, valuable resource for current information on these questions.

Demographic changes in an increasingly aging population, a more diverse ethnic mix, more women in the labor force, and more desire for convenient food all have a dramatic effect on consumer food

demands. These demands create major implications for food retailers, distributors, processors, and farmers. This book gives a detailed look at the trends of population growth, ethnic diversity, regional differences, household composition, aging, education, income, and labor force participation. These demographic changes are useful indicators to project the pattern of future food consumption. Drawing from some empirical results of consumer behavior research, the authors examine in detail the influences of price, income, and socio-demographic factors on the types and amounts of food consumed.

The major nutritional concerns in the United States have been focused on the linkages between diet and major chronic diseases, such as heart disease, cancer, and stroke. In fact, the National Nutrition Monitoring and Related Research Act of 1990 calls for a 10-year comprehensive plan to provide timely information about the role and status of factors that bear on the contribution made by nutrition to the health of Americans. Hunger and poverty are a problem for millions of Americans. This book provides information about the specific nutrition and nutrition-related health problems of the poor, and the major government food assistance programs, such as the Food Stamp Program and the National School Lunch Program. Also, the chapter on the American diet furnishes current trends in eating patterns, dietary recommendations, and attitudes.

Attention to food safety has increased significantly due to recent highly publicized incidents such as

salmonella contamination in poultry, aflatoxin in grains, Chilean grape tampering, and Alar-tainted apples. The importance of food safety issues has been reflected in various public debates and government initiatives to collect data and provide information useful in addressing these problems. This book provides an overview of major food safety concerns and the issue of safety from a conceptual perspective. The basic food safety legislation in the United States and the policy formulation process are briefly reviewed. The book also covers several food safety topics of particular current interest, including pesticide residues, food-borne pathogens, seafood inspection, food additives, and safety concerns related to new technologies.

In general, this book is well written for those who would like to have a general idea about consumer trends, food consumption, nutrition, and the food industry. For government policymakers and regulators who monitor food and the food industry, the book is a useful reference source, particularly for food safety and other food and nutrition policy issues. For researchers, the book serves best as an introduction to food economic research, but the methodology issues are hardly explored. The chapter on reviewing the major sources of time-series data and cross-sectional data for food consumption and expenditures for the United States is very helpful for researchers to identify available data sources. Various sources of basic data, both government and private, on food expenditures and consumption are discussed, including methods used to collect data and their characteristics, accuracy, uses, and limitations.