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Most Food Program Subsidies Promote Food Security over Nutritional Improvement

Food Subsidies in Developing Countries: Costs, Benefits, and Policy Options. Edited by Per Pinstrup-Andersen. Baltimore: The Johns Hopkins University Press, 1988, 374 pages, \$39.50

Reviewed by Mervin J. Yetley

While the adequacy of food consumption in developing countries is of considerable interest to citizens in industrial countries, neither this topic nor related issues have received commensurate study by university scholars. As a result, much of the research leadership on food demand and its issues has been provided by international research centers, especially the International Food Policy Research Institute (IFPRI).

Per Pinstrup-Andersen has assembled and edited a set of papers based on research done primarily at IFPRI. The papers cover a wide range of issues associated with food subsidies, such as implications for food consumption, and implicit and explicit costs to economies. Pinstrup-Andersen has done an excellent job of cross-referencing related material throughout the book, so the reader can begin with any chapter with assurance of being referred to detailed discussions. Pinstrup-Andersen also provides an excellent summary, Part I, which serves as the introduction to Part II.

The nine chapters in Part II synthesize findings on a wide range of issues related to food subsidies. This section contains some interesting results and provides the basis for understanding the policy controversy that frequently accompanies the design and implementation of food subsidy programs. Some readers will be surprised to find that food security, rather than nutritional improvement, is the main objective of most food subsidy programs. The pre-eminence of a non-nutritional goal leads to the possibility of the subsidy yielding a net decrease in caloric consumption, depending upon the cross-commodity substitution effects induced by the subsidy.

Policy controversies should come as no surprise given the multiple, and sometimes conflicting, goals assigned to food subsidy programs. However, Pinstrup-Andersen and the authors do not recommend one policy over

another but rather discuss results of studies of food assistance programs. Thus, the chapters of Part II assess issues of effectiveness and efficiency of programs such as in-kind commodity distribution, price subsidies on selected food commodities, cash or wage supplements, and rationing. Other issues covered include implicit and explicit program costs, implications of macroeconomic policies for program results, program implementation considerations, and alternatives to food subsidy programs, including direct income augmentation. Political considerations are also discussed. Development specialists and decision-makers in developing countries looking for simple answers will not find them in this book. The authors repeatedly state that the final net effect depends upon a host of interrelated factors. What readers will find is an excellent discussion of these interrelated factors and unanticipated consequences that may accompany certain programs.

One of the critical, interrelated factors frequently overlooked is the quantity and quality of administrative talent needed to properly implement a food intervention program. Another frequently omitted issue is the impact of macroeconomic policies on the need for and effectiveness of food subsidies, and the effect of food subsidies on the effectiveness of macroeconomic policies. The depth and scope of the discussion of these less familiar issues and the interrelating of the important factors is one of the book's major contributions.

Part III contains a series of case studies illustrating the issues and results discussed in Part II. Readers with a particular interest in Egypt, the Philippines, Bangladesh, India, Pakistan, Sri Lanka, Brazil, Mexico, or Zambia will find this part of the book especially useful.

Part IV attempts to generalize implications for macro- and micro-policy. These concluding chapters are particularly important for readers interested in either developing countries not covered in the analytical studies which underlie the material in Part II, or the country case studies of Part III.

Not all readers interested in developing countries will find this book immediately useful. Readers looking for insight into implications of the current General Agreement on Tariffs and Trade (GATT) negotiations for the economies of developing countries

Yetley is a senior economist with the Agriculture and Rural Economy Division, ERS.

and the potential for international trade will find only scattered information. Economists interested specifically in food demand parameters will find the referenced material that underlies these papers to be more helpful than the book itself, especially if the recently published *Food Demand Analysis: Problems, Issues, and Empirical Evidence*, edited by R. Raunikaar and Chung-Liang Huang (Ames: Iowa State University Press, 1987) is added to the reference list. Researchers interested in the com-

parison of food demand parameters cross nationally will find material published by USDA's Economic Research Service a useful addition. However, these qualifications do not diminish the fact that this book is well written and is one of the most complete discussions of the impacts and implications of food subsidies available. It will be a very helpful reference for economic development professionals in developing countries.

The papers include

Part I: Introduction (1) "The Social and Economic Effects of Consumer-Oriented Food Subsidies: A Summary of Current Evidence" by Per Pinstrup-Andersen

Part II: Syntheses of Findings (2) "The Effectiveness of Consumer-Oriented Food Subsidies in Reaching Rationing and Income Transfer Goals" by Per Pinstrup Andersen and Harold Alderman, (3) "Food Consumption and Nutritional Effects of Consumer-Oriented Food Subsidies" by Shubh K. Kumar and Harold Alderman, (4) "Macroeconomic and Trade Implications of Consumer-Oriented Food Subsidies" by Grant M. Scobie, (5) "Explicit versus Implicit Food Subsidies: Distribution of Costs" by Alberto Valdes, (6) "Implications of Consumer-Oriented Food Subsidies for Domestic Agriculture" by Joachim Von Braun, (7) "Political Calculations in Subsidizing Food" by Raymond F. Hopkins, (8) "Design and Implementation Considerations for Consumer-Oriented Food Subsidies" by Beatrice Lorbe Rogers, (9) "Alternatives to Consumer Oriented Food Subsidies for Achieving Nutritional Objectives" by Eileen T. Kennedy, (10) "Income-Augmenting Interventions and Food Self-Sufficiency for Enhancing Food Consumption among the Poor" by Shlomo Reutlinger

Part III: Results from Country Studies (11) "Food Subsidies in Egypt: Benefit Distribution

and Nutritional Effects" by Harold Alderman, (12) "Food Subsidies in Egypt: Implications for the Agricultural Sector" by Joachim Von Braun, (13) "Food Subsidies in Egypt: Macroeconomic and Trade Implications" by Grant M. Scobie, (14) "Food Subsidies in the Philippines: Preliminary Results" Marito Garcia, (15) "Structure, Costs, and Benefits of Food Subsidies in Bangladesh" by Raisuddin Ahmed, (16) "Costs and Benefits of Food Subsidies in India" by P. S. George, (17) "Pakistan's Ration System: Distribution of Costs and Benefits" by Beatrice Lorbe Rogers, (18) "Food Subsidy Changes in Sri Lanka: The Short-Run Effect on the Poor" by Neville Edirisinghe, (19) "Effects of Brazilian Wheat Subsidies on Income Distribution and Trade" by Geraldo M. Calegar and G. Edward Schuh, (20) "Fiscal Cost and Welfare Effects of the Maize Subsidy in Mexico" by Nora Lustig, (21) "Design, Income Distribution, and Consumption Effects of Maize Pricing Policies in Zambia" by Shubh K. Kumar, (22) "Distributional Consequences of Alternative Food Policies in India" by Hans P. Binswanger and Jaime B. Quizon

Part IV. Implications for Food Policy: Generalizing Beyond Study Countries (23) "Some Macroeconomic Policy Implications of Consumer-Oriented Food Subsidies" by Ammar Siamwalla, (24) "Some Microeconomic Policy Implications of Consumer Oriented Food Subsidies" by Per Pinstrup Andersen