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Book Reviews

Environmental economics

Environmental Economics: Policies for Environmental Management and Sustainable Development. Clem Tisdell. Edward Elgar/Gower, Aldershot, England/Brookfield, VT, USA, 1993. xii + 259 pp, US\$59.95. ISBN 1-8527-8639-6.

The always-productive Clem Tisdell has produced yet another interesting if somewhat idiosyncratic book. *Environmental Economics* is intended to be of particular interest to policymakers, teachers and students of environmental economics. I am not sure how often policymakers take time off to read a few hundred pages of rather didactic material, so that segment of the market may be somewhat uncertain. Teachers also may not rush in because, if they have been monitoring the literature in the way that is expected, they will already be familiar with much of these previously published materials, which would seem to leave the student market as the major intended target. Here it is also dubious as to how many students would choose it as an exposition of modern environmental economics, given (a) the ready availability of alternative and more tailor-made expository treatments, and (b) the several features of the present work that will be described below.

The work is divided into five parts:

- (I) Environmental Economics and Sustainability – The Setting
- (II) Externalities and Policies to Control Environmental Spillovers

- (III) Project Evaluation, Cost-Benefit Analysis and the Environment
- (IV) Sustainable Development and Economic Activity
- (V) Environmental Policies and Global Conservation

There are 16 chapters, all of which have appeared previously as articles in a diverse set of journals. Thus, one could argue that the major positive feature of this work is bringing together some disparate works by this prolific author but, on the other hand, there do seem some structural difficulties with the presentation of such material.

Even though the original papers have been modified, and in some cases expanded, for the purpose of this work, there is still a degree of overlap and lack of harmony in styles and orientation that one would not normally expect to see in a book that was written as such. Some issues keep reappearing and the wording is surprisingly similar at various points. For one example, the framework of Gordon Conway, based on the depiction of agricultural systems in terms of productivity, stability, sustainability and equitability, gets repeated on pages 125, 143 and 167. This is not to deny the virtue of Conway's focus on these attributes and other subsidiary properties, such as resilience, but it does indicate, at least to this reader, a certain hastiness in assembling the papers into this book. Another example of the repetitious treatment of favored topics comes through the discussion of Little and Mirrlees' discussion of "wild exaggeration" about externalities, partly in text and partly in quotes, on pages 84 and 96. One way of dealing with this issue would have

been to have titled the book something like 'Essays in Environmental Economics'.

Another feature of this work that I would characterize as somewhere between idiosyncratic and eclectic is the allusion to many examples that are distinctively from Oceania, whether these be kangaroos, the hairy-nosed wombat, the Lord Howe Island wood hen, or feral pigs, and other introduced wild species that have polluted the Australian environment. For me, it was rather nostalgic to see the emphasis given to such examples and it may be that other readers outside Australia will also find it intriguing. On the other hand, the concentration on such examples may make the treatment seem rather too remote for some readers, and it will perhaps be perceived (incorrectly) as very much a work intended primarily for an Australian audience, in spite of the clear intention of much greater generality.

The selection and arrangement of essays, apart from inadequately dealing with the mentioned issue of repetition, is also strangely uneven. In this regard, Chapter 2 entitled 'On the Theory of Externalities' seems strangely out of sequence and, for stylistic balance in the overall work, even rather out of place.

There are other little quirks that catch the eye (and that for some may even cause offense), such as: the break with convention in the text citation (e.g., p. 101) of a five-authored work as Hufschmidt, James et al. (1983); insufficient pagination to cited statements (e.g., p. 135, did Herman Daly (1980) really refer to Christians per se as having "some duty of care for other living things"); some careless proofing (e.g., UNCED was held in Rio de Janeiro (p. xi), not Brasilia (p. 203)). The consistency of treatment of topics and details tends to be fairly high within each essay or chapter, which makes it fine as set of essays although less desirable in a book-length treatment. Even so, some points of detail do get fouled, such as the Squire and van der Tak book on *Economic Analysis of Projects*, which is treated accurately as appearing in 1975 in Chapter 6, but in the text and references of Chapter 7 lapses back to 1945 – before Lyn Squire was born!

A laudable feature of the work is the attention given at several points to dealing with informa-

tion and uncertainty in project evaluation. The broaching of this complex of topics may be virtuous, but the treatment is less so. Some of the details are a little sloppy (e.g., Simon's approach is "satisficing" not "satisfying" (p. 105)) and I think a further discussion (perhaps from another one of Tisdell's articles from the journal literature) dealing with a more up-to-date treatment of extensions of modern utility theory and analysis of the value of information would have been useful complements to the discussion that is presently made of these important issues.

Notwithstanding such quibbles, this set of essays is indeed a convenient assemblage of interesting, relevant and timely material. I would guess that quite a few people concerned with policy analysis in this field will indeed find the work to be a helpful one, especially the final Part V, which includes cogent and realistic discussion of resource conservation in LDCs and of global concerns including the World Conservation Strategy – although notably without reference to the World Bank's 1992 *World Development Report*. It is generally very clearly written, is well produced and will find its way into many of the bookshelves of the growing corps of economists 'retraining' as environmental economists.

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Political economy of food and nutrition policies

The Political Economy of Food and Nutrition Policies. Per Pinstrup-Andersen (Editor). Johns Hopkins University Press, Baltimore, MD, USA/London, 1993. xx + 277 pp. ISBN 0-8018-4480-0.

This publication is a collection of 14 papers presented in five Parts. By analyzing how food and nutrition policies are formulated within broader political and economic contexts, the volume goes beyond the conventional wisdom that food insecurity is primarily due to lack of political will. The volume brings together a rich mixture of authors (nutritionists, economists and political

scientists), and the editor, Per Pinstrup-Andersen, brings the politics of food and nutrition closer to mainstream policy analysis.

Part I of the volume: 'Political Economy Issues at the National Level' comprises six chapters, of which five are case studies: U.S.A. (2), Sri Lanka, Colombia and Nicaragua. In this part of the volume the interaction between the economy and political culture become apparent as the reader goes through the case studies. The extent of participatory democracy appears to determine the nature, process and types of food and nutrition policies and programmes. The existence of food surpluses in the economy also appears to embody determinants of certain types food and nutrition policies. By providing substantive as well as anecdotal evidence from case studies, this part of the volume contains the most solid findings and conclusions. The authors present a convincing case that nutritionists and economists can improve their analysis of food and nutrition issues by understanding the political process and trade-offs involved. This is vital given compelling evidence that the hungry and malnourished have limited political power. Moreover, it is difficult to effectively reach the poor, even with targeted nutrition programmes. Another fundamental conclusion is the condemnation of cheap-food policies, in favour of more public investment in agriculture, rural infrastructure, and technological change as a more sustainable means of arresting food prices and improving food security, thereby strengthening the powerful case by Eicher (1982) for investment in prime movers of agriculture.

Reading a volume on the political economy of food and nutrition, one may anticipate discussion of food riots. In spite of sporadic mention of this issue, it is clear in the readings that food riots have in some cases been precipitated by the manner policies are implemented and changed, rather than by the fundamental nature of the change. On the other hand, some food policies are conceived out of fear of the unknown political force of the poor and hungry, rather than from explicit understanding of the underlying causes and effective means of reaching the poor.

Part II of the Volume: 'Political Economy Issues at Local and Household Levels' comprises

two chapters, both, in different fashion, dwell on the conflict and gap between bureaucrats and peasants. The thesis that bureaucrats or officials are biased towards rich peasants is pursued and the editor of the volume presents a powerful discussion examining the validity of institutions circumventing head-of-household decisions on intrahousehold food allocation and priorities. Without prescribing how governments should try and reach the under-represented members of households, the author discusses reasons why preferences may differ between institutions and households. The role of nutrition education is discussed and the author believes that the economic returns to education may be greater through improving nutrition.

'Improving Labour Productivity Through Nutrition Improvements' is the focus of Part III. The two chapters in this part are not equivocal about the relationship between nutrition and productivity. In Chapter 9, Micheal C. Latham is more confident about the potential damage of subsequent mental and physical productivity as a result of adverse dietary and health conditions at early ages. Longhurst's (1984) theory of "energy trap" is supported. Latham's strong conclusion is that the green revolution needs to be matched by actions that will result in a consumption revolution of poor families. In Chapter 10, however, John Strauss is less confident about the validity of empirical tests to measure the impact of nutrition on productivity. Strauss observes lack of empirical evidence linking nutrition to human capital development; one has to admit that such evidence would be most welcome by economists, nutritionists and advocates of food security policies in poor countries.

In Part IV, three chapters address 'Implications for the Design of Programmes, Policies and Research Needs'. The main message here is the importance of management and an explicit strategy. The extent to which management as a "hiding hand" can make the difference in the effectiveness of food and nutrition programmes is probably oversold. After all, the volume in earlier parts argues strongly that "leakage" is largely part of the political compromise that goes with most programmes targeting the poor. Bureaucrats

generally have their own objectives and will strive for marginal changes – rather than major changes – to existing policy and strategy. In most poor countries, food and nutrients policy analysis and research is often done directly by donors, or through donor-financed technical assistance.

Part V is the concluding chapter. The editor starts off by observing the major difficulty arising from the fact that nutrition does not have a natural home in a typical government. Similarly, the multi-disciplinary nature of nutrition is not easily translated into a country political economy framework. Governments and bureaucrats are not neutral players. Private and public sector agenda and other groups attempt to capture benefits from food transfer programmes. But above all, the editor notes adequate evidence that nutrition “may increase labour productivity, reduce health costs and enhance school performance.” The editor, however, concedes the difficulties of integrating political and economic analysis into policy research, due to lack of adequate theoretical analytical framework.

As a final observation, one wishes that the volume had been published sooner. The impact of this volume would probably have been greater in the mid-1980s when many governments were grappling with World Bank-supported structural adjustment programmes. During that period, changes in food and nutrition policies and strategies were being treated as purely technical issues in macro-economic reform. With hindsight, the structural adjustment programme had a lot to do with political choices and bargaining. The volume, however, is still a milestone in providing a logical political framework in dealing with the universally problematic issue of food and nutrition for the poor.

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Agricultural transition in central and Eastern Europe and the former U.S.S.R.

The Agricultural Transition in Central and Eastern Europe and the former U.S.S.R.: A World Bank Symposium. Avishay Braverman, Karen M. Brooks, Csaba Csaki (Editors). World Bank, Washington, DC, USA. ix + 314 pp., US\$ 31.95. ISBN 0-8213-2322-9.

This carefully edited book on the agricultural policy challenges in the context of fundamental economic and political transformation is an important document. The volume builds on a conference organized by the Agriculture and Rural Development Department of the World Bank together with the National Bank of Hungary in Budapest in 1990. It is, however, not just a proceedings volume. Much new information has been added since 1990 throughout the various sections in the course of editing the book. Therefore, the volume is certainly not just documenting a historical conference but it may very well be a ‘historical document’. As Michel Petit points out in the foreword, “the political changes in late 1989 and through 1990 in these countries create the conditions for a real exchange of ideas”. The book reflects such an exchange of ideas and, therefore, the reader should not expect a general blueprint on how to move to market-based agriculture.

The book is important for three reasons:

First, it provides a bench mark for conceptual and strategic considerations at the beginning of a fundamental transformation process. Secondly, it is a rich source of information on the agricultural situation and agricultural policies and the evolution up until the collapse of the Central and Eastern European political systems. Third, it provides valuable insights on the early stages of agricultural reform and the constraints to policy change as well as on the diversity of initial experiences with agricultural transition within the Central and Eastern European countries.

Following an introduction by the editors, which, in a very readable way pulls together major conclusions, the book is structured into 5 sections.

Part 1 covers background and concepts, especially the historical experiences of Eastern and

Central European and Soviet agriculture (by D. Gale Johnson) and incentives, organizational structures and contractual choice in the reform of socialist agriculture (by Joseph E. Stiglitz).

Part 2 covers the international environment, with contributions by Edward Schuh on the role of government in agriculture in developed market economies, Stan Johnson on trends and developments in agricultural commodity markets, Stefan Tangermann on united Western Europe and the agriculture of Central and Eastern Europe and the U.S.S.R., and Andras Inotai on the Central and Eastern European and Soviet intraregional agricultural market. These chapters provide not only information on the developments of the international environment around the region, but also give some insights on how different scenarios of developments within the Central and Eastern Europe might impact on the international environment of agricultural trade.

Part 3 covers the policy framework of ownership, pricing, and finance. This includes a comprehensive chapter on property rights in land by Karen M. Brooks, an interesting contribution by Michael Marrese on the effect of agricultural price reform on real incomes and the inflationary process, as well as a contribution by Charles M. Calomiris on agricultural capital markets.

Part 4 covers regional case studies. They include studies on Poland, Hungary, Yugoslavia, Bulgaria, Czechoslovakia, and the former German Democratic Republic as well as the former USSR. Most of the articles have been carefully updated and edited after the conference and brief introductions by the editors make it easy for the reader to place the case studies in the larger context. It is in the context of these case studies that political economy aspects of agriculture policy reform are explicitly considered, such as in the contribution on economic dimensions by Csaba Csaki and Gyula Varga. Scholars and students on any of those countries will find interesting material in all of these country-specific contributions – even though some of the countries no longer exist in the described boundaries.

Part 5 of the volume is on relevant experiences in other regions; it includes studies on Israel and the agricultural reform experiences of China. Both

studies provide interesting points of reference; potentials and problems of transforming agriculture under state planning as in the case of China; and problems and potentials of cooperative organization of agriculture production in the case of Israel.

Particularly stimulating are the contributions by D. Gale Johnson on historical experiences, and Josef Stiglitz on organizational structures in part 1 of the volume. Among other things, Johnson addresses the question, “did collectivization of agriculture contribute to the industrialization of the USSR during the 1930s?” His answer to this question is negative because, as he points out, if more rational agricultural policy had been followed, there would not have been such an enormous loss of human and physical capital as there was. However, Johnson’s answer to the question, “did Stalin’s policies transfer resources from the rural to the urban sector, including the industrial sector”, is in the affirmative but, as he stresses, an affirmative answer to this question is in no way inconsistent with a negative answer to the first. At the early stages of reform discussion in 1989/90, it was of central importance to clarify some of these basic agricultural strategy questions in the historical context.

Stiglitz points at the irony in western economists’ advice to rely on the market, especially when it comes to agricultural policy, which in the major advanced economies is characterized by pervasive government involvement. Refreshingly, he stresses, “this advice is of the form: ‘do as we say, not as we do’”. Stiglitz’ chapter presents a clear set of policy recommendations, balanced by a set of dilemmas.

Stiglitz addresses the major problems of information asymmetries and inefficiencies arising from deficiencies in the legal system and temporary monopoly power. The latter point seems to be of particular importance. There has recently been much attention to market failure and monopoly problems – sometimes equated with ‘mafia methods’ – in agricultural markets in the region. However, as Stiglitz points out, there is a dilemma that, “excessive zeal in attacking ‘monopolies’ may discourage entrepreneurship and lead to less effective competition. It is virtually

impossible to devise policies or rules that discourage speculation and rent seeking without adversely affecting true entrepreneurs at the same time."

Stiglitz's contribution also contains some of the few statements in the volume related to the poverty problems arising from economic policy reform, and the role of food and agricultural policy in that context. These issues are hardly mentioned in other chapters. It is surprising that in the year in which the World Bank came out with its development report on poverty, which coincided with the year of the conference on which the volume is based, so little attention is paid to the poverty aspects of the agricultural transition in Central and Eastern Europe. This is even more puzzling, as both food pricing policies and community level welfare policies in and around agricultural production units provided major elements of social security in several countries of the region. The editors are quite explicit about ignoring that aspect as they stress that, "participants in the transition have little choice but to forge ahead despite ... inadequate protection for vulnerable portions of society" (p. 1).

While the book sticks in general to the message "to forge ahead", many chapters reveal in great detail how difficult such forging ahead is, especially in agriculture. The comprehensive chapter on property rights in land by Karen M. Brooks, which also addresses complex political economy issues, is illuminating in this respect, as is the discussion by Calomiris of the complex institutional aspects of agricultural capital market development. Calomiris points at the key role of government credibility in successful credit allocation. This and other considerations, he stresses, pose a problem for any "quick fix" attempts at government-sponsored credit market subsidization for Central and Eastern Europe and the

former Soviet Union. However, Stiglitz' call for "social programs which provide a safety net for those not able to earn acceptable levels of income from the market place or for those who suffer for significant income losses in times of economic distress are essential institutions as an economy shifts from one of central control to a stronger market orientation", remains a lonely voice in the volume.

The volume should find a large audience, both inside and outside of the region of Central and Eastern Europe. Key messages to be carried to decisionmakers outside the region are found throughout the volume and are well synthesized in the introductory statement by the editors. One of these messages is Tangermann's: "it is distressing to note that inspite of all the political thrust for good partnership with Eastern Europe, the EC finds it difficult to override some of its narrow economic concerns in 'sensitive' domestic sectors such as agriculture."

This volume assembles thoughts and recommendations of the leading scholars on the topic of agriculture transition from a planned to a market oriented system. It will be an important reference document for students and scholars on the issue. It will hopefully be translated soon into major languages of the region. The volume also provides important insights for scholars and policymakers in other regions of the world faced with market-oriented reform challengers, particularly certain low-income countries. The volume, while neglecting the poverty issues of agricultural transition, achieves a splendid mix between theoretical and conceptual, historical, political economy, and sector economy information.

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