

AGRICULTURE AND GOVERNMENTS IN AN INTERDEPENDENT WORLD

PROCEEDINGS
OF THE
TWENTIETH
INTERNATIONAL CONFERENCE
OF AGRICULTURAL ECONOMISTS

Held at Buenos Aires, Argentina
24–31 August 1988

Edited by
Allen Maunder, Agricultural Economics Unit, Queen Elizabeth House
University of Oxford, England
and
Alberto Valdés, International Food Policy Research Institute
Washington DC, USA

INTERNATIONAL ASSOCIATION OF
AGRICULTURAL ECONOMISTS
QUEEN ELIZABETH HOUSE
UNIVERSITY OF OXFORD

1989

Dartmouth

INTRODUCTION

. . . find out the cause of this effect;
Or rather say, the cause of this defect,
For this effect defective comes by cause.
Polonius, in Hamlet (II,2)

Why do governments continue to pursue policies which are so inefficient in achieving their espoused objectives? It is important to address this question because until economists understand why governments adopt particular policies, they will be poorly equipped to suggest appropriate ways to change those policies for the better. As well, if we are to include policy endogenously in models of economic markets, we need a much better understanding of the political determinants of policy than is currently available.

The purpose of this session is to present a variety of approaches that are beginning to be used by economists seeking to understand the reasons for the agricultural policies we observe around the world. The paper by Anne Krueger addresses the question: why do so many developing countries adopt price policies which tax agriculture not only directly but, much more importantly, in indirect ways such as via manufacturing protection and overvalued exchange rates? The Anderson/Tyers paper seeks to explain why economies, as they develop, tend to switch from this policy regime which effectively taxes agriculture to one which increasingly favours agriculture relative to other sectors. A third paper, by Gordon Rausser and Harry de Gorter, provides a framework for understanding, among other things, why governments adopt simultaneously policies which improve the efficiency of agricultural markets and policies which reduce their efficiency, and why their policy instruments are so often not the most economically efficient ones for achieving their objectives. These papers represent neoclassical applications of the economics of politics. The paper by Alain de Janvry and Elisabeth Sadoulet aims to show that the neoclassical approach is analytically not very different from the classical approach in attempting to understand technological and institutional innovations. These four papers are followed by four case studies which in different ways seek to illuminate the reasons for the choice of policies affecting agriculture in Africa (by Peter Nyong'o), Asia (by Rick Barichello who focuses on Indonesia), Latin America (by Odin Knudsen) and North America (by Harold von Witzke who focuses on US wheat policy).

Together, these papers represent significant steps forward in the politico-economic analysis of policies affecting agriculture, and they provide numerous suggestions for extending this important new field both theoretically and empirically.