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BOOK REVIEWS

ORANI A Multisectoral Model of the Australian Economy. By PETER B. DIXON, B. R. PARMENTER, JOHN SUTTON and D. P. VINCENT. (North Holland, Amsterdam, 1982.) Pp. 372, ISBN 0 444 86294 3.

ORANI is by any reckoning a *tour de force*, the most ambitious and well developed of the models conceived under the IMPACT project. ORANI is a numerical microeconomic model of the whole economy and is one of the most complicated such models that has been built anywhere. It is likely that ORANI is used more than any other model of its type for policy analysis.

This book is the major account of ORANI to reach an international audience. The authors describe the state of the art of ORANI and discuss a number of policy applications. In the first chapter, the authors note that ORANI belongs to the 'well-known Johansen class of multisectoral models' and they list a number of extensions which have been made to this basic framework, the more important of which are the following.

- (i) The modelling of multi-product industries and multi-industry products. This extension is particularly important in agricultural industries. Transformation functions have been incorporated to implement the extension. It should be noted that agriculture generally gets detailed treatment in the model.
- (ii) The estimation of substitution parameters in international trade. International trade has been modelled by differentiating commodities by location of production. Foreign motor cars are commodities distinct from domestic motor cars. The imposition of a sufficiently low elasticity of substitution between the two products allows some control over extreme reactions in traded magnitudes to very small policy changes. (I shall return to this below.)
- (iii) The incorporation of technical change variables to allow for factor augmentation. These, it is claimed, allow both broad and narrow questions of the effects of technical change to be analysed.
- (iv) Regional (that is, state-by-state) disaggregation. The argument that general increases in protection would increase economic activity in Victoria at the expense of Western Australia and Queensland has been based on ORANI simulations of this kind.
- (v) Flexibility in assumptions for any application. It is feasible to reclassify variables between exogenous and endogenous categories; for example, the labour market may be slack or at full employment, or capital to each industry may be fixed or not.

A 'skeletal' version of ORANI, 'mini-Orani' or 'MO', which is an aggregated model of the same structure as ORANI, with simpler functional forms and a fictitious data base is presented in Chapter 2. This is used to explain the basic structure of the model. Some results are presented, and computational procedures discussed. This is followed by the theoretical structure of the model in more detail (Chapter 3), its empirical implementation (Chapter 4), an account of computational technique and experience (Chapter 5), the regional disaggregation procedures (Chapter

6), illustrative applications including a 25 per cent tariff increase (Chapter 7) and a review of experience with the model to date (Chapter 8).

The authors give a comprehensive description of ORANI, though at times this virtue makes for rather heavy going. In particular, there would have been large returns to simplifying the notation in Chapter 2. As it is, not even this chapter is easily accessible to undergraduate students, and a potential use of the book as an introduction to an applied economic model for Australian students remains unrealised.

A review of this book must necessarily become, at some point, a review of the ORANI model and its application. When empirical work of this vast breadth is undertaken, it is easy to pick nits. Nearly everyone familiar with ORANI has a small catalogue of shortcomings that seem particularly important to him, and I am no exception. A book review, however, hardly seems the place to indulge one's own tastes in this way. There are, nevertheless, a few observations of a more general nature which may be useful in judging ORANI's worth. I shall follow Freebairn's (1980) suggestion in his excellent review of IMPACT and consider the contribution of this research to policy and to economic science separately.

Consider, first, ORANI's potential use in policy analysis. The great and particular strength of multi-sectoral analysis is that it allows quantitative evaluation of interactions. A good example of the usefulness of ORANI in this regard is that the model facilitates the estimation of the impact of increased protection on a state-by-state basis. From a policy viewpoint, this is ORANI at its best; it allows its users to answer a question which could not have been answered, even qualitatively, using a model of one or two markets. Of course, you have to believe the parameter values used. This is, nevertheless, an important attribute of ORANI, and policy analysts in Australia are fortunate in having access to such a tool.

The question arises whether such comprehensive disaggregation (more than 100 industries and commodities) is required for this analysis. The builders of ORANI would perhaps answer: 'well, not for *that* application, but what if you wanted to know what would happen in one particular industry?' It seems to me that ORANI is less useful in helping to answer this latter kind of question. When one industry is considered, a lot of specific information about particular market characteristics is usually brought to bear on policy deliberations by industry experts, and much of this could not, with the best will in the world, be incorporated into ORANI's specification. So, for example, I remain unconvinced by the claim that the introduction of technical change parameters allows the users of ORANI to say useful things about the economic effects of the introduction of automatic tellers in the banking system (p. 3). At the same time, considerable care has been taken to address important features of industry groups (for example, (i) above for agriculture).

On the question of aggregation, I would have found it instructive to have the results of a single experiment reported and compared for different aggregations of ORANI. Research along these lines is reported by Dixon, Parmenter and Powell (1982).

A second reservation in considering policy analysis using ORANI relates to taxation. A compulsive reader of indexes (and one of the

book's strengths is that its index is very comprehensive), I note that income taxes do not rate a mention, except in the context of a wage-tax bargain. Yet these taxes have a major impact on the Australian economy, and interactions between these instruments and others would be expected to be significant in a number of areas. No doubt it is the trade and tariff orientation of ORANI's evolution which has led to this lack of emphasis on domestic tax instruments. It is a reservation which should be borne in mind in evaluating policy predictions which arise from the use of ORANI.

We now turn to the general significance to economic science of the ORANI research program. Here there are three sub-categories to be considered: computational advances; solutions to the technical problems of synthesising material to form an integrated economy-wide model; and the relation of the model to particular areas of theoretical economics.

On the first two of these, ORANI scores well. The 'n-step Euler solution' described in Chapter 5 joins a number of other solution algorithms for economic models which are practical, fast and accurate. In terms of synthesising disparate techniques into an integrated economy-wide model, ORANI provides a number of examples. The more important are embodied in the extensions listed earlier in this review. In addition, a great deal of data and econometric work has been completed, the motivation of which was the requirements of ORANI, and this has left Australian applied economists much better off.

The reservations I have relate to the third of these sub-categories. Insufficient attention is sometimes given to the way in which the theory relates to implementation. A good example is the characterisation of international trade as exchange of imperfectly substitutable commodities differentiated by location of production. In the introductory chapter of the book, the authors claim that the empirical development of this Armington procedure is a strength of the model. It is true that it overcomes the so-called 'flip-flop' problem described on p. 340; but international trade theory emphasises the homogeneity of traded goods in consumption, and empirical work has suggested that this theoretical formulation is valid, provided the data are sufficiently disaggregated. The Armington procedure does overcome the problem of imperfect substitutability between commodity *groups*, but at the expense of departing from the underlying theory. Armington's solution is widely adopted in trade models of this kind, but the interpretation is usually that it is a compromise with theory. I could find very little discussion of this problem in the book, in spite of the central role of the Armington formulation in the model.

In conclusion, I should say that in spite of the space I have devoted to problems and reservations, this should not be interpreted as a negative review. The project is of high quality and of major significance, and the book reflects its ambitious sweep. Applied economists and multisectoral model builders in Australia will need to have continual access to it.

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Freebairn, J. (1980), 'The IMPACT project: a review', *The Economic Record* 56(152), 17-35.

Imperfect Markets in Agricultural Trade. By ALEX F. MCCALLA and TIMOTHY E. JOSLING (eds.). (Allanheld Osmun, Montclair, N.J., 1981.) Pp. 240, ISBN 0 916672 68 9.

The authors of this book contend that 'trade policy decisions in the agricultural field must be based on a sound and realistic appreciation of the nature of international markets' (p. 1). Traditionally, international trade in agricultural commodities has been analysed on the assumption that the relevant market structure was a competitive one. While such models may have been adequate in the 1960s, in the 1970s and beyond they are more likely to obscure than to illuminate the true market relationships. The seven essays which make up this book examine particular aspects of international agricultural markets, surveying the existing state of knowledge and identifying specific policy and research issues.

In Chapter 2, McCalla begins by reviewing the concept of an international market and considers the meaning of market power. A review of the literature shows that few attempts have been made to introduce concepts of imperfect competition. Furthermore, attempts to modify general trade theory to include market imperfections and market power have usually met with little success. McCalla concludes that a fully descriptive structural model without a parallel model of price formulation, including notions of market power, is of limited value in analysing trade policy issues where market imperfections exist.

The stated aim of Chapter 3 by Sarris and Schmitz is to identify and analyse some major factors which influence pricing decisions in international agricultural commodity trade. The authors investigate departures from perfect competition implied by alternative structures. In particular they examine futures markets, the implications of imperfect knowledge, state and private trading and the role of multi-national firms. They conclude that these aspects have not been satisfactorily dealt with using existing models.

Active government involvement in atomistic markets is dealt with by Josling in Chapter 4. He argues that combinations of national policies determine, in large part, the structure of world markets and the short-run performance of those markets. The dominance of a small number of countries in trade in temperate zone commodities and the concern that each of these countries shows with the policies of others suggests interdependence exists. It is, therefore, necessary to investigate and formalise the nature of the policy linkages through trade and to explore the determinants of the policies themselves.

The market for grains is one of the few international markets to which models of imperfect competition have been applied. Schmitz and McCalla analyse this market in Chapter 5 as an example of the combination of government activity and a non-competitive market structure. A review of the theoretical literature does not allow conclusions to be drawn about the results of cartelisation, while empirical analysis seems only to suggest that more cartels fail than succeed. The conceptual and practical prob-

lems of establishing and operating a successful cartel are explored using the international grain market as an example. Again the conclusion is that more research is needed.

The concentration of empirical studies of agricultural trade on models which assume competition and a passive role for government is illustrated in Chapter 6. Sarris concludes that, when the objective is to study a single world commodity market and analyse national and international intervention policies, or to forecast economic variables, a micro approach is necessary with particular attention being paid to the individual characteristics of each country's market and price mechanism.

The US attitude toward trade in agricultural commodities as it impinges on domestic policy decisions is examined by Hillman in Chapter 7. The use of the export market and trade policy instruments to support domestic price and income objectives is placed in historical perspective; also, the role of the government in US trade is considered. Hillman argues that the US government has played a major role in determining agricultural prices, complicating both domestic adjustment and world markets. The role of the government in relation to agricultural stocks is also analysed. Perhaps the most interesting section of the chapter should be that which deals with agricultural policies and trade negotiations. However, events have overtaken this section and it is rather disappointing.

In the final chapter Josling provides a general overview of policy issues in agricultural trade from an international perspective. The aim in the chapter is to incorporate a realistic representation of domestic policies into discussions of the trading systems in farm products. Josling starts by defining international policy as collective decisions influencing national actions which, in turn, affect the performance of the global food system. The central issues are identified as food production, nutrition, trade liberalisation and the establishment of food aid. The performance of the world food system is assessed according to its efficiency, stability and equity. Josling concludes that economic analysis has not kept pace with the policy discussions except in the area of market stability. He argues that failure to incorporate structural and policy variables into quantitative models is partly responsible for the gap between policy and research.

The remainder of the book consists of a comprehensive and well set out bibliography of works on international trade published between 1970 and 1980. This should prove extremely valuable to those interested in the topic. This book is essential reading for anyone interested in international trade in agricultural commodities. While its clear illustration of how little is known in the area is a little depressing, it is an excellent source of ideas for further research.

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Grain Export Cartels. By A. SCHMITZ, A. F. MCCALLA, D. O. MITCHELL and C. CARTER. (Ballinger Publishing Company: Cambridge, Massachusetts, 1981.) Pp. 298, ISBN 0 88410 690 X.

In this book the authors explore the potential gains to exporting countries resulting from the formation of a cartel in wheat and feed grains. The principal hypothesis is that grain importing countries exercise a considerable amount of market power and, by competing among themselves, exporting countries force the price of grain down. The authors suggest that there are substantial gains to be made by the participants in a grain export cartel although much of the empirical analysis is concentrated on the advantages of such an arrangement for the U.S.A. Paradoxically, it is suggested that some trade liberalisation might result from the formation of a cartel—a result that could apparently flow from a better balance of market power.

Current interest in cartels has probably been stimulated to a large extent by the success of OPEC. In the first three chapters of the book the authors deal with the basic characteristics of the international grain market but there is little evidence that the characteristics of the grain trade and the oil trade are sufficiently similar to make the OPEC model a useful one when considering a grain cartel. A good coverage of the various ways that grain can be sold and the logistics of the trade is provided in Chapter 1. The authors raise the issue of the effect of a cartel on institutions in the U.S.A. and discuss the importance of distinguishing between a producer-controlled and a government-controlled cartel. In Chapter 2 the authors explore the possibility that importing countries exert considerable market power. The characteristics of the various grain importing regions are discussed. The major theme of Chapter 3 is that the protection offered to the domestic markets in importing countries has resulted in the export of instability to the rest of the world. The impact of both the EEC and the centrally planned economies is considered in this regard.

In Chapters 4, 5 and 6 the authors discuss the theory of cartels and some of the practical problems associated with the establishment and operation of a grain cartel. In particular, attention is paid to the 'free-rider' problem and that of allocating quotas among grain exporters. It is contended that Australia, Canada and the U.S.A. could form a successful cartel in wheat and that the U.S.A. alone controls a large enough share of the feed grain market to increase significantly the world price by restricting trade. However, it is suggested that a cartel in both wheat and feed grains would be more successful than a cartel in wheat alone because of the problem of substitution between the various grains. Some mention is made of the potential political problems associated with the formation of a cartel. Livestock producers who use feed grain as an input are unlikely to support the formation of a producer-controlled cartel. In addition the major international grain companies, in all probability, will not favour interference in the market by governments and producers. Given the potential difficulties of this nature, insufficient space is devoted to their consideration. Some discussion of the distribution of the gains from the formation of a cartel is included in Chapter 6. The distribution of gains would depend on whether governments or producers controlled the cartel and whether other policies were implemented to offset some of

the adverse effects of the cartel on domestic consumers in the exporting countries.

In Chapters 7 and 8 the authors analyse the potential gains from the formation of a grains cartel using empirical models. The major simulation exercise reported in Chapter 8 was carried out using the Michigan State University agricultural trade model. The book contains a report on 18 different simulations, the results of which are contained in 35 pages of detailed tables. Again, the authors conclude that there are substantial gains to be achieved from the formation of a cartel. However, these results are conditional on importers not retaliating to the formation of a cartel by increasing trade barriers and adjusting domestic support levels.

Although this book contains much useful information on the characteristics of the grain trade, readers may be disturbed by some evidence that the authors are not fully conversant with the Australian trade. At one point it is claimed that the Australian Wheat Board is the sole trader in feed grains. Later in the book the authors imply that the Board currently imposes delivery quotas on wheat. These errors and the reiteration of many of the points that have already been made in the trade literature detract from the book. This aside, the authors have made a useful contribution to the problem of assessing the potential gains from a cartel in grains. However, it seems fair to say that more work needs to be done in the areas of importer response to cartels and the problems of maintaining a cartel. The fact that the grain embargo by the U.S.A. on the Soviet Union in retaliation for its involvement in Afghanistan was largely unsuccessful, points to some of the political problems of maintaining a viable cartel in an agricultural product. Even in the case of oil, OPEC existed for many years before it succeeded in substantially raising prices in the face of resistance from the major oil companies.

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Stabilisation of the International Grain Market. By J. C. BLOM. (Royal Dutch Grain and Free Trade Association: Rotterdam, 1982.) Pp. 84, ISBN 90-9000292-8.

This short book was commissioned by the Royal Dutch Grain and Feed Trade Association to mark the Association's one-hundredth anniversary. It is subtitled: 'a study into the causes of the instability of the international grain market, together with an evaluation of research carried out on the possibilities of stabilizing this market'. The conclusions of the study into the causes of instability are interesting because they differ from those of some other prominent researchers in the area. The evaluation of research is critical, perhaps over critical. No alternative model is presented, but then the author's intention is to suggest various directions for future research.

The book opens with an informative description of the international grain market. Grain is taken to include wheat, rice and coarse grains. The market behaviour of the importing and exporting countries, and between production in the importing and exporting countries for the different grains is discussed. The innovative part of the book is the analysis of the variability of trade flows, production and prices of the

grains over recent years. Correlations between the trade flows of the importing and exporting countries, are deduced and implications for market stability are drawn. Of particular interest are tables showing regression coefficients which attempt to apportion the influence on changes in imports and exports in any year between changes in production for that year and for the preceding two years. One table shows the apportionment over the years 1963 to 1979. Blom concludes from the table that it is incorrect to argue that variations in national production are simply shifted into the international market as a result of policies of national stabilisation. As only a portion of production variation is transmitted to the international market, the rest is absorbed either by variations in consumption or by national stock policies. Instability of international trade flows is more the result of production variation and the small proportion of production that is traded internationally (about 12 per cent) than of national policies designed to stabilise national consumption. In this way, Blom considers that D. G. Johnson's argument that constraints on free trade, rather than low stocks, led to international instability in the early 1970s, is unconvincing. Blom produces another table of regression coefficients to suggest that the proportion of production variation transmitted to the international market was *less* during 1971-79 than during 1963-70. He uses this further evidence to again counter Johnson's case, concluding that drastically diminished stocks in the exporting countries was the main culprit of instability. Blom also takes exception, on similar grounds, to Josling's suggestion that national stock policies have enlarged, rather than diminished, instability.

Six computer models of the international grain market, developed over 1976-78, are reviewed. Blom does not place much store by the recommendations based on the results of these models, primarily because government policy and market behaviour are largely ignored in the models. He would like to see greater reliance placed in optimising models, and more recognition of the interdependence of the different grain markets. Blom repeatedly criticises some of the models for being static rather than dynamic market models. However, this criticism here relates more to the inability to incorporate changing demand and supply functions in the models, than to failure to incorporate dynamic effects. Overall, he feels that the models underestimate the value of buffer stock policies. Of course, such a conclusion could have been made more forcefully if Blom had presented a model of his own. Certainly the results of the statistical analysis presented in the book could be used to develop an interesting model of the effects of buffer stock policies.

The book is interesting because it places concern over stability in a European context. Prospects for a new international grains agreement are discussed but not rated highly, given the divergent interests of the countries concerned. One message seems to be that if Europe is to become an exporter of wheat, Europe must join other exporting countries in maintaining considerable buffer stocks. At the same time, opposition from North America can be expected.

The book is a good introduction to the structure and problems of the international grain market and should make a very useful text for students. It also makes a stimulating contribution to the debate on the role of buffer stock policies.

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Agricultural Marketing and Prices. By K. O. CAMPBELL and B. S. FISHER
Second Edition. (Longman Cheshire: Melbourne, 1982.) Pp. 150, ISBN 0
582 71119 3.

Students of agriculture, and more particularly farm politicians, rural journalists and agribusiness marketing folk in gaudy checked coats, can rejoice. Here is a book which simply and succinctly spells out the basics regarding agricultural marketing and prices in Australia which they ought to be on top of, and dispels some misapprehensions, under which they sometimes appear to labour.

Agricultural Marketing and Prices is back in a second edition, this time by K. O. Campbell with B. S. Fisher. With the addition of chapters on marketing margins and futures markets it can be said to be complete.

In his review of the first edition of this book, Richardson (1974) concluded that it 'can make an important contribution to the general level of understanding about agricultural marketing and prices' (p. 149). Large numbers of students of agricultural economics during the past decade would affirm that Richardson's expectations have been fulfilled.

Inevitably the authors have had to trade-off between reaching a wide audience and the extent to which the theoretical and empirical bases of agricultural marketing and price analysis can be accommodated. Campbell and Fisher have given greater weight to the former objective and, in doing so, have produced a very readable book. The demand for and supply of agricultural products, the behaviour of agricultural prices and marketing margins, futures markets, the background to prices policy, stabilising and support methods, the institutional framework of price policies and the marketing arrangements of the major crop and livestock industries are described and explained with exceptional clarity. The chapters on marketing institutions and pricing arrangements have been revised and updated, and minor stylistic changes to all the original chapters have been made, with an occasional paragraph added or deleted.

It is worth noting just what changes have been made to this second edition. Wisely, a selection of well-chosen references for further reading are included at the end of each chapter. The new chapter on marketing margins is good and I hope it will be widely read. Discussion of futures markets is also essential in a book like this. Unfortunately, futures do not lend themselves to simple, and complete, explanation. This brief attempt to do so cannot, and does not, capture the essential price discovery, information generating role of futures markets. The further reading will need to be consulted.

The chapter on the demand for food in the first edition contained the following sentence (p. 11):

Ethical and moral questions concerning the undesirability and inadequacy of the distributive system, under which wide gaps can occur between food consumption and food needs, do not fall within the province of the economist as such.

This piece of neoclassical nonsense did not sit well with the subtle insights into other aspects of the political economy of agricultural production and marketing which were evident throughout the rest of the book. The second edition is improved by its deletion.

Concerning the role of marketing boards, the authors state (p. 110):

The whole situation with respect to marketing boards could change substantially were the electorate ever to agree to a constitutional amendment giving the Commonwealth government power to control interstate marketing, or were the legal interpretation of Section 92 to change.

Ten years ago in the first edition (p. 106), Campbell had sardonically added to this sentence, 'Neither of these events seem likely to occur in the foreseeable future'. Are things any different today?

In the discussion of recent changes in the institutional setting of agricultural price formation there are occasional throwaway references to contemporary events, such as 'difficulties experienced by the Australian Dairy Corporation in the late 1970s' (p. 114), which tantalise but don't satisfy the reader. Similarly, the discussion of the implications for agricultural policy of changes involving the mining industry, inflation and the exchange rate seemed a bit cryptic, considering the eventful ten years which have passed since this book was first written.

The careful reader immersed in this book should emerge with a good sense of the historical, institutional, political and economic forces which determine who gets what and why, and a sufficient feel for economic processes to ascertain whether agricultural marketing and price policies are fooling, failing or fulfilling the producer, the consumer and the community.

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Richardson, R. A. (1974), Review of K. O. Campbell, *Agricultural Marketing and Prices*, *Australian Journal of Agricultural Economics* 18(2), 148-50.

The Agricultural Marketing System. By V. JAMES RHODES. (Grid Publishing Inc. Columbus Ohio, 1978.) Pp. 430, ISBN 0 88244 170 1.

The question about American texts of this type is not whether they are technically sound (which this one is), but whether they are useful (which it is probably not). The book has the same limitations as such predecessors as Kohls and Downey (1972) and Shepherd and Futrell (1969). These are its exclusively American orientation, and its predominantly descriptive nature. Australian students are likely to be seeking more analytical content.

In the Preface, the author claims some unique approaches for the book. These include 'an integration of a managerial approach to marketing and applied economic theory' and a 'considerable analysis of how price-making forces operate'. These claims are justified. Segments of the marketing system are evaluated in terms of the economic models which approximate them: pure competition, monopolistic competition, monopsonistic competition and so forth. This will assist students of economic theory to become applied economists. The evaluations are consistent with the prevailing wisdom, so few economists will dispute them. A further approach, claimed to be unique, is the consideration of the

marketing system in terms of procurement by agribusiness, rather than a flow in one direction from the farm gate. This approach seems unobjectionable but not a notable innovation.

The book has twenty-one chapters arranged in 3 parts. Following an introductory first chapter, some basic price theory and the theory of important market models is presented. The book will not be used as a microeconomics text, but this chapter is necessary, given the approach used later. The structures of US agriculture and the agribusiness sector, respectively, are described in Chapters 3 and 4. The reader is then introduced to the 'macro market' concept, which refers to commodity markets while the 'micro market' is the decision-making environment of the firm. In Chapter 5 the author describes the domestic macro market and in Chapter 6 the foreign macro market.

Part II is the main part of the book with eleven chapters. These decline in interest when the descriptive content increases. In Chapter 7 there is some further price theory, with emphasis on the distinguishing aspects of agricultural markets: perishability, seasonality and cyclical behaviour. In the next two chapters the author considers transportation, storage, grading and futures markets. The treatment of all but the last of these topics is shallow and this is a major weakness when compared with the content of earlier books. Chapters 10 and 11, concerning the 'marketing procurement' channels contain little of interest; however, Chapter 12, 'Marketing by Farmer Groups', should be studied by all proponents of increased bargaining power for farmers. The limitations on co-operatives, bargaining groups and marketing orders are described simply and accurately. Rhodes describes 'processor procurement systems' in Chapter 13, discusses business marketing, product, promotion, place and price in Chapter 14 and discusses the wholesale and retail sectors in Chapters 15, 16, and 17. Those interested in the difference between a supermarket, a superette and a small store will find the definitions here, together with some useful considerations of margins, market concentration and promotion.

Public policy issues, including consumerism, price stabilisation and the maintenance of competition are covered in Part III. The last paragraph of the book concerns marketing boards. It is the only reference to any foreign marketing arrangements.

The general presentation of the book is excellent, apart from some poorly prepared diagrams. Each chapter concludes with a summary, list of references (all US examples) and study questions. It has taken some time to reach Australia, having been published in 1978. The most recent data is for 1976.

Teachers of agricultural marketing will be seeking references on such topics as grading, storage, futures, price discrimination and market research. This book is inadequate as a reference for these topics. One copy in the library will be sufficient.

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Agricultural Marketing. By J. W. BARKER. (Oxford University Press, London, 1981.) Pp. 226, ISBN 019 859469 0.

A book with such a broad title as 'Agricultural Marketing' promises to be a comprehensive treatise. Unfortunately, authors who promise such a wide scope of coverage rarely succeed, and this is particularly true of this example.

Recognising the deficiency in title the author admits in the introduction that his objective is to write a book on agricultural marketing of an elementary level. The author envisages that the book will become established reading at agricultural colleges as well as being useful as preliminary reading for university students and as a text on agricultural marketing for farmers.

The eleven chapters of the book are organised into four main sections: marketing principles, policy and legislation, marketing channels, and the marketing of agricultural inputs.

In the first section, the author reviews the relevance of marketing in the agricultural environment and extolls the virtues of the marketing-orientated farmer compared to the production-orientated farmer. Obviously such virtuosity is uncommon in the U.K. for he notes that, in a recent survey of farmers, only a small proportion regarded marketing management as being important in their business decisions. The author does not appear to recognise that there may be a rational economic explanation for such behaviour. Material on marketing principles and price theory is included although the coverage is too brief.

In the second part of the book, Barker reviews agricultural policy in the U.K. since 1917. This section is potentially a useful starting point for further study by the reader though it is limited in its citations, as is the case for the entire book. Thus, unfortunately, the section is of little value to the student who may wish to follow up with further research. Ignoring this limitation, the author does give some useful insights into the economic and political processes associated with the development of agricultural policies in the U.K. However, statements such as 'some form of direct subsidization was inevitable' (p. 63) for British farmers faced with cheap imports, makes the reader wonder as to the author's analytical base.

The review of European agricultural policy is restricted to just the Common Agricultural Policy (CAP). It is an introduction to the CAP that is satisfactory only for the lay person. The author discusses the specific policies for the major commodity groupings, but fails to convey the complexities and difficulties associated with the CAP.

In the section on marketing channels, Barker covers aspects of individual marketing endeavour, statutory marketing organisations, co-operatives, and possibilities of farmers using direct marketing. He outlines the various alternatives by which farmers may market their produce: auctions, contract selling, and the use of agents, dealers and wholesalers, though how he distinguishes these from direct marketing is unclear. In the case of direct marketing, the author draws heavily on some research work that he has conducted and gives limited attention to other work in the area.

The coverage on marketing boards in the U.K. is trite and the basis of the 'success' which Barker attributes to the statutory marketing of milk,

hops and wool is not developed nor are the reasons for the failures of the cucumber and other product marketing boards. This scant coverage is not supported by adequate referencing to other books and journal articles on the measurement of the performance of marketing boards. The chapter on co-operatives is similarly weak.

The market for agricultural inputs is covered in the final chapters. The treatment of this very significant component of the agricultural production process is cursory. The author seems obsessed with the usual farmer criticisms on the role of service industries in the distribution of agricultural inputs, but eventually concedes that such operators are probably an essential link between manufacturers and farmers.

This book is not recommended even as elementary background reading for students or farmers interested in agricultural marketing in Australia.

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The Australian Financial System After the Campbell Report. By J. O. N. PERKINS. (Melbourne University Press, Carlton, 1982.) Pp. 141, ISBN 0 522 84253 4.

The title of the book is somewhat misleading, since the author really only summarises the main features of the Report of the Committee of Inquiry into the Australian Financial System (the Campbell Report), something the Report does extremely well, and passes brief comments on aspects of the recommendations. There is little attempt at forecasting the state of the Australian financial system as a consequence of what might be adopted as a result of the Inquiry.

The strength of the book is that Perkins provides a readable summary with brief comments on, and insights into, the recommendations of the Report. For those who have not been exposed to, or have ignored the voluminous press and their reports on the Inquiry, reading the book would be a very useful way of acquainting themselves with the central issues of the Report.

The weakness of the book is that Perkins often gives a superficial and potentially misleading commentary on aspects of the Report. Perhaps it is unfair to call it a weakness since it is inevitable that an author who sets such restricted objectives cannot hope to provide an in-depth analysis of a Report that encompassed such a wide range of topics. The chapters of the book follow the main sections of the Campbell Report.

The greatest virtue of the Campbell Report is that, in general, it was written with a fairly clear and consistent philosophy of market economics without compromising too much to political objectives that were inconsistent with that philosophy. As such, the Report could be expected to provide a benchmark or null hypothesis for years to come for policy decisions relating to the financial sector. Perkins has correctly been hard on the Report when the Committee of Inquiry has wavered from that philosophy. The areas where this inconsistency is most obvious are prudential controls for banks, foreign investment and variable deposit ratios, and export finance.

Overall this book can be recommended for those who have not read the Campbell Report and have not followed the publicity and analytical reviews of the Report. It provides a quick and readable exposure of the Report.

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Agricultural Research and Technology in Economic Development. By PER PINSTRUP-ANDERSEN. (Longman, London, 1982.) Pp. 261, ISBN 0 582 46048 4.

The subtitle 'The impact of agricultural research and modern technology on food production, economic growth and income distribution in developing countries' gives further hint as to the scope and depth of this welcome contribution to the literature of agricultural research. While the coverage of issues is very comprehensive, the brevity of this most readable and attractively produced book implies that formal analysis *per se* is somewhat slight.

As such, the work will gain a wide readership among professional practitioners and students in these fields, as well as possibly general readers concerned about either the world food 'problem' or merely where their taxes are supporting an increasingly expensive infrastructure for international agricultural research. The price (\$A41 or nearly $\frac{1}{3}$ t of wheat f.o.b.) may ensure, however, that most of such general readers will be residents of the industrialised world.

The author, presently with the International Food Policy Research Institute, opens with a concise review of the past, present and future of food and agriculture in developing countries, and then impressively places agricultural research in a general context of economic growth and improving living standards. Some of his elegant defences of the critical role of research here, and later in this book, will surely be appreciated by research lobbyists with their backs to the walls in industrialised as well as developing countries. The themes of the ensuing chapters are descriptions of agricultural research arrangements in developing countries and an insider's view (the author was at CIAT in Columbia for several years) of international agricultural research for these countries. He reviews the economic returns from research and modern technology and gives particular attention to the distribution of benefits, both among producers and consumers, and among factors of production.

Doubtless reflecting his time with the International Fertilizer Development Center in Alabama, much attention is directed to the special roles of mineral fertilisers in the Green Revolution, and in agricultural advancement generally. Environmental concerns are not forgotten, including the risks of greater genetic uniformity in important crops like wheat and rice.

The work is closed by a constructive discussion of measures to enhance the contribution that research can make (for example, through focus on resource scarcity and prices, on organisational arrangements and on policies for risk and other impediments to adoption), and the author's perceptions of needs for continued external assistance for agricultural research in the developing world.

Several themes are repeatedly interwoven (for example, risk and uncertainty, credit, fertiliser and research) and verge on being tediously repetitive, although the index is sufficiently thin that this minor annoyance cannot be readily checked from it. Needless to say, this reviewer is not the one to complain of over-emphasis of the importance of uncertainty in research and technology in economic development.

The work is fairly free of typographical and other errors, although a few 'howlers' have crept in. Even the clever Japanese cannot produce national rice yields of 145 t/ha (presumably some of the yields in Table 7.8 are inflated by 10, but the Burmese certainly do much better than 2 per cent of South Korea's average). Australian readers will note with justified incredulity that their fertiliser subsidies amount to 97 per cent of agricultural research expenditures (Table 7.10)!

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Wild Pigs: Environmental Pest or Economic Resource? By C. A. TISDELL. (Pergamon Press, Sydney, 1982.) Pp. 445, ISBN 0 08 024821 7.

The most striking feature of this book is the vast quantity of minute detail which has been recorded, making reading a tedious task for all but the most dedicated wild pig enthusiast. While comments such as those of the various Pastures Protection Boards, or Park Rangers, collections of which appear reproduced verbatim in many sections of the book, may well be interesting, they give the text a folksy flavour and detract from any serious academic content.

Much of the detail provided is lengthy; for example, the section in Chapter 2 on the cause and type of damage done by wild pigs in Australia. An adequate single sentence summary is given in the first paragraph—the following twenty or so pages are repetitive, and distract the reader from any message underlying the work. Excessive detail like that just described abounds throughout the book.

The population estimates given in Chapter 1 give some idea of how little is known about wild pigs in Australia. These range between 473 thousand and 11 million. In a later chapter the range is narrowed to between 5 and 10 million. Along with extremely crude estimates of the costs associated with the activities of wild pigs, such unreliable data make the task of economic evaluation well nigh impossible. Highlighting the dearth of information about an animal which may well cause significant economic costs, or may, in fact, be an economic asset, is without doubt Tisdell's most useful contribution. The message, however, would have been clearer in a more concise form, such as a journal article.

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