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Book reviews

Handbook of Agricultural Economics, Vol. 1A (Agricultural Production) and Vol. 1B (Marketing, Distribution and Consumers)

B.L. Gardner and G.C. Rausser (Eds.), Elsevier, Amsterdam, 2001, 1400 pages, US\$ 225, ISBN 0-4448-2588-6

These two volumes represent half of the Handbook of Agricultural Economics, the 18th installment in the familiar North-Holland (Elsevier) series of *Handbooks in Economics*. Readers will find that these volumes represent welcome successors to the four-volume *Survey of Agricultural Economics Literature* series, sponsored by the American Agricultural Economics Association and published by the University of Minnesota Press between 1977 and 1992. In fact, the earlier volumes were published sufficiently long ago that a major effort at reviewing the agricultural economics literature has long been overdue. This brief review does not allow sufficient space for an elaboration of all chapter topics in both volumes. Given the primary interests of most of this journal's readers in international development, trade and marketing issues, the discussion here is necessarily selective.

The first volume includes 12 chapters on topics related to agricultural production, broadly interpreted. For readers of this journal, highlights include chapters on agricultural production and supply analysis (authored by Yair Mundlak), uncertainty and risk management (Giancarlo Moschini and David Hennessy), agricultural innovation and technology adoption (David Sunding and David Zilberman), land markets (Klaus Deininger and Gershon Feder), human capital (Wallace Huffman), women's roles in the household (T. Paul Schultz), migration and population (J. Edward Taylor and Philip Martin), and agricultural research and extension (Robert Evenson). As the editors acknowledge in their Introduction, many of the *Handbook's* chapters are heavily US-oriented; nonetheless, the theoretical and analytical material is

of universal application and, as a result, readers with highly diverse research interests will find much that is useful here. In addition, several chapters cover topics in which many of the key advances in economic research have focused on developing countries; consequently, these developments are covered rather comprehensively. In particular, the chapters on land markets (Chapter 6), gender (Chapter 7), migration and population (Chapter 8), and agricultural research and extension (Chapter 11), should be cited in this regard.

The second volume features nine chapters on topics principally related to agricultural and food marketing, distribution and price analysis. Again, for researchers with primary interests in international market applications, the chapters on storage and price stabilisation (Brian Wright), marketing margins (Michael Wohlgenant), spatial price analysis (Paul Fackler and Barry Goodwin), and food safety (John Antle) are likely to be of particular interest. The concluding chapter in this volume (Rachael Goodhue and Gordon Rausser) is a general overview of the contributions of agricultural economics research that is useful reading for any applied economist with interests in the agricultural, food and rural sectors. The emphasis on industrialised country (primarily US) applications is much more pronounced in the second volume.

Both volumes follow the familiar format of earlier North-Holland *Handbooks*. Most of the chapters feature reviews of selected literature built around brief (or in some cases, quite lengthy) theoretical expositions of key analytical results. The specific mix of theory, analytical elaboration, and review of the empirical literature varies greatly across chapters. Some chapters adopt a heavily theoretical orientation—for example, a very comprehensive chapter on the agricultural producer (by Richard Just and Rulon Pope), which almost merits a volume by itself, and another on household duality theory (Jeffrey LaFrance). Other chapters take a more traditional review-of-the-literature approach.

Deininger and Feder's review of "Land Institutions and Markets" is an excellent summary of developments in the economic literature on property rights, land institutions and land markets, emphasising developing countries. Likewise, Evenson's chapter on agricultural research and extension presents a comprehensive review of the empirical evidence on economic impacts, both domestic and international.

This reviewer found the chapters containing an integrated treatment of theoretical and empirical components to be particularly useful. There are numerous examples, but I will cite just four. Yair Mundlak's opening chapter on "Production and Supply" represents a thorough but cogently written tour through several decades of agricultural production research, including primal, dual, and nonparametric production theory and applications, and static and dynamic supply analysis. The chapter on "Women's Roles in the Agricultural Household" by T. Paul Schultz is a comprehensive review not only of this topic area, but of individual and household economic behaviour in general, with special attention to intra-household time and resource allocation, gender differences, and human capital. Jeffrey Williams' chapter on "Commodity Futures and Options", though making few references to the broader international-oriented literature, is an excellent combination of historical and analytical material on futures and options markets, and provides a useful critical perspective on decades of research in this area. Chapter 19 on "Economic Analysis of Food Safety" by John Antle reviews the literature in this important and timely area in an overall context of the supply of and demand for safety characteristics, and succinctly assesses the costs and benefits of food safety regulation.

Overall, the editors and authors have made an extraordinary and highly successful effort at reviewing the state of the agricultural economics literature as it stands at the turn of the century. Although the current volumes are significantly different in orientation and approach, they stand up very well by comparison to the earlier AAEA *Survey* volumes, and should stand the test of time well. One of the frustrations of the earlier volumes was that developments in research move so quickly that the pure literature review format rapidly becomes dated; most researchers have likely long since ceased making frequent reference to the earlier volumes for this reason. The current volumes, by adopting a more conceptual approach to review-

ing past research developments, and by being more selective in their treatment of the empirical literature, seem destined to be widely cited and to have a lengthy shelf-life. The editorial decision to integrate theory and statistical analysis with the topical literature reviews was also a wise one, given the fact that applied theory and quantitative analysis are so thoroughly integrated in current empirical research.

It is hard to quibble with two volumes that cover such a vast range of the literature and encompass over 1200 pages, but notwithstanding their considerable merits, some limitations should be noted. Like other volumes in the North-Holland *Handbook* series, these volumes are explicitly designed for "professional researchers and advanced graduate students". Less advanced students, and practitioners working in policy analysis, the private sector, or development organisations will have to search harder to find material that is directly relevant to their work, particularly in the theoretically oriented chapters. As mentioned above, the particular mix of theory, analysis and empirical review varies dramatically across chapters. The editors acknowledge in their Introduction that the chapters are "idiosyncratic" in their coverage and treatment, and indeed this is the case. Given the different theoretical/empirical orientations and subject-matter interests of both authors and readers, each reader will find him/herself gravitating to some chapters more than others. The coverage of specific topic areas is also uneven in places. For instance, there is a good deal of (sometimes overlapping) coverage of subjects such as market efficiency, consumer-oriented research, and topics in empirical price analysis. Although international development and trade are only secondary foci of these volumes, some topics—such as human migration issues (Chapter 9)—are discussed at considerable length, while international technology adoption issues (Chapter 4) are given relatively brief attention within a broader treatment of agricultural innovation. The length and scope of these volumes make it somewhat challenging simply to identify material of specific interest (a challenge that is compounded by an inadequately detailed subject index). The geographic selectivity in some chapters' coverage of the empirical literature—notwithstanding the editors' acknowledgement—will also be clear to international-oriented researchers. While most chapters cover the US-oriented literature quite compre-

hensively, there are some topics—for instance, rural and agricultural finance (covered in Chapter 10), and marketing margin, food marketing and distribution research (Chapters 16 and 20)—where rich literatures exist focusing on developing country and other industrialised country problems and issues, but where these applications are covered very selectively.

Taken as a whole, however, these limitations are minor. These volumes will serve as an indispensable reference for legions of agricultural economics researchers in the years ahead. In combination with their companion volumes comprising Vol. 2 of the *Handbook*—which are more heavily weighted toward international development, market and policy topics—they also provide a summary perspective on the state of agricultural economics research today. As Goodhue and Rausser state in their concluding chapter (Chapter 21), the distinguishing characteristic of the best of the agricultural economics research culture is a “dual standard of top quality economic research and empirical relevance”. They go on to observe that an overemphasis on either pure empirics or economic methodology risks a loss of disciplinary relevance, on the one hand, or a reduced effectiveness in addressing real-world problems, on the other. This is useful guidance to researchers and an appropriate note on which to end this impressive set of volumes.

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Agricultural Policy for the 21st Century

Tweeten, Luther and Stanley R. Thompson (Eds.); Iowa State University Press, Ames, 2002, 384 pages, US\$ 73, ISBN 0-81-380-899-5

The essential conclusion in this book is provided in the first three sentences of Chapter 1 by Luther Tweeten:

“Contemporary commodity programs poorly serve publicly stated objectives for agricultural pol-

icy. These programs have become an exercise in politics rather than economics. In a bidding war using taxpayers’ money to win votes, Congress has ignored the new agricultural paradigm that farm commodity markets are efficient, that farm households have higher income and wealth than nonfarm households, and that farm people and natural resources are more appropriate targets than commodities for public policy.”

As a supporter of the *new agricultural paradigm*, I find the book to be a refreshing look at US agricultural policies. Moreover, the book is well enough written to be assigned as reading material in an undergraduate policy course.

The book consists of 15 essays written by distinguished members of the agricultural economics profession on the occasion of Luther Tweeten’s retirement from The Ohio State University. These essays provide insightful and “outside the box” views on a wide range of agricultural policy issues. The book qualifies as a “should read” for academic and government economists interested in agricultural policy, congressional staffers and agricultural producers.

I am in full agreement with D. Gale Johnson’s closing statement of the book’s Forward:

“The essays in this volume represent significant contributions to our understanding of recent developments in farm policy. While you may not agree with everything that is written here, I am confident that you will find much from which you can learn and some things that will challenge your firmly held beliefs.”

Each of the essays in the book focuses on relevant topics and issues. The authors have made excellent contributions to an enlightened public discussion regarding US farm policy. I will not comment on each essay but will mention a few that I found most interesting.

Bruce Gardner notes that “economywide costs, common to both pre-1996 and post-1996 programs constitute a good reason for economists to question US farm programs generally.” Hopkins and Morehart observe that “the *farm problem* is frequently interpreted as one of excessive volatility in returns. Our analysis indicates, however, that cross-sectional if not temporal variability in the distribution of returns is