

Book reviews

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Politique Agricole: Un Modèle Européen

Presses de Sciences Po, Paris, 2001.

ISBN: 2-7246-0833-X, 240 pp.

The intellectual project of this book is very ambitious but not really well reflected by its title, which remains ambiguous. Indeed, the semicolon separating ‘agricultural policy’ (politique agricole) and European model (un modèle agricole) above has been added by this author. On the title page of the book the two expressions are one above the other without any punctuation mark. Thus the reader is left to speculate on what the authors suggest as linkage between them. One could imagine that they analyse, or advocate, a new, European, model of agricultural policy; and indeed somehow they do that. But one can also think of an agricultural policy which would be attuned to a European model of economic and social development, which would in some way be specific. And some developments are more consistent with the latter interpretation than with the former. Yet no clear explanation of the choice of title, and of course no justification of such a choice, is explicitly given. Whatever the correctness of these interpretations of the authors’ intention, the book is intellectually ambitious and most interesting because the authors are bringing a very powerful analytical capacity to bear on the most current agricultural policy debates in Europe. And because these debates have been profoundly renewed by the emergence of new concerns of great interest to consumers and citizens, particularly those related to the environment and to food safety, the policy debates require new analytical frameworks. The most important contribution of this book is that it provides, even though implicitly most of the time, such a framework, which is at the same time relevant, comprehensive, and based on several recent theoretical developments in economics. Because the debates on European agricultural policies are of great international significance, the book should be of great interest to many both inside and outside Europe.

Initiated as an effort to show to a French audience that the high level of protection of agriculture, particularly systematic export subsidies, had no justification in terms of public economics, the work of the authors soon took an additional dimension: that of how to incorporate in the analysis the fact that agriculture is intimately linked to rural space and natural resources, being as a result directly involved in the production of public goods beyond the private goods exchanged on commodity and other agricultural markets. Thus the main thrust of the effort is essentially the identification of public goods and market failures associated with the provision of these public goods, thereby legitimising public intervention. Additionally, the authors propose carefully crafted new instruments capable of providing economic actors, particularly

farmers, with appropriate incentives for the provision of the various public goods. Thus, in their introduction, the authors point out that agriculture has changed since the common agricultural policy (CAP) was put in place; and therefore one must change that policy. They set on a course of proposing 'a new logic' as well as specific proposals. Chapter 1 reviews the 'fundamentals' of agriculture in a post-industrial society, stressing the demand for quality of food by consumers, the intensification of agriculture induced by technological change, the competitive pressures on natural resources and the internationalisation of agricultural trade. In Chapter 2 the authors show that price and farmer income support measures, as practised in the past and still today, are not adequate to the new situation and have many negative effects. Their demonstration is solid and generally accepted in the mainstream of our profession.

The most original contributions come in the following chapters, where they successively review the impacts of agriculture on the environment; the relationships between agriculture, rural space and rural development; and the issues raised when one tries to incorporate in the design of agricultural policies the fact that value is added, and quality of final food products is largely determined, along the transformation and marketing channel. This third factor suggests that an industrial policy may be the most adequate to solve what the authors call 'the agricultural problem'. The limited length of this review does not permit me to do justice to the richness of the authors' many contributions. So, only a few examples will be mentioned here. Pollution of water by agricultural activities is diffuse and therefore very site-specific, because it affects many people who are scattered and not easy to mobilise. In addition, the demand elasticity for fertiliser is low. As a result, the authors reject such commonly advocated instruments as a fertiliser tax, a general limitation on the size of livestock enterprises and even subsidies in support of de-pollution activities. They forcefully argue for the establishment of green records ('cahiers verts') and of fertiliser quotas at the individual farm level, taking each field into account. They further argue for environmental zoning, distinguishing among grey, white, green and blue zones depending on the severity of the constraints imposed on agricultural activities to protect the environment. Subsidies to farmers would be paid according to the value of the environmental services provided and limited by a ceiling corresponding to a full-time employment as provider of public services. In the area of food quality, the authors identify four major types of market failure: insufficient information of the consumers (which may take several forms), sanitary risks associated with food products, transaction costs, and environmental externalities linked to production processes. These call for an array of intervention instruments: sanitary norms, rules on labelling, public certification of information on farm production processes, intellectual property rights associated with geographical areas of production, financial support to producers of 'quality' products, etc.

The authors argue in their final chapter that the measures they recommend should substitute for existing instruments. They believe that the public goods

they have identified are highly valued by Europeans on grounds that have cultural, historical, geographical and other characters, hence presumably the reference to a European model in their title. And this justifies the profound reform that they actually advocate.

Given the central place of the intellectual framework on which they base their argument, it is legitimate for a reviewer who needs to identify the weaknesses and limitations of the book reviewed to ask whether or not, and to what extent, the intellectual framework is comprehensive, adequate, and operational. On comprehensiveness, the intellectual framework does not address at all the issues raised by the instability of prices on agricultural product markets, yet that instability is very high. Reducing it or mitigating it would be of great public interest; and many researchers argue that the market intervention instruments, so much criticised by the authors, had at least the advantage of protecting Europe from much of that instability. Admittedly, such a statement opens a Pandora's box of controversies; here one can only regret the silence of the authors on this topic. Regarding the adequacy of the framework, a host of public interventions are justified on the basis of the identification of public goods and market failures. Two questions come immediately to mind: are the public goods real? Should one also take into account the possibility of government failures and the transaction costs involved in the measures that are recommended? On the first question, one may safely venture that it will be very difficult to come to an agreement in the WTO on the legitimacy of many recommended interventions. To the 'liberals', they will look too much like an excuse to continue public financial support to agriculture now that market intervention instruments, such as export subsidies, variable levies and import duties are going to be eliminated or strictly limited in their use. Finally, is the intellectual framework operational enough? In this respect the main limitation, I believe, is of a political nature. The authors recognise that farmers and their organizations have been powerful in blocking past reform proposals in spite of all the shortcomings of market intervention policies. They argue, however, that this power is eroding and that a new coalition, including young farmers, could emerge in support of a new social contract. They may be right but they present very little evidence to support their claim. And for some other recommendations, one may be very sceptical on their political feasibility: such is the case of the implicit assumption that the public funds saved by a reform of the CAP would then be available to fund the instruments recommended by the authors. Similarly, it would be very difficult for any political party, in France at least, to support and even more to advocate higher hunting and fishing fees. I would also expect widespread opposition to the proposal related to facilitating public access to rural space, including free access to all rivers. The opposition would come from most rural residents and also from urban dwellers having now ownership or user rights, which they would not want to share with uneducated urban citizens, whose behaviour could not be effectively controlled by police and local public authorities.

In spite of these limitations, this book is well worth reading by all those who have an interest in agricultural policy in Europe. It should be a 'must read' for

agricultural economists, because it provides a thorough reformulation, based on sound developments in modern economic theory, of the intellectual framework underpinning agricultural policy debates in Europe.

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J. Bennet and R. Blamley

The Choice Modelling Approach to Environmental Valuation

Edward Elgar, Cheltenham, UK, 2001.

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Valuing the environment in monetary terms has become a research agenda item that has grown steadily in importance in the field of environmental and resource economics over the past two decades. The approach of stated preferences, being highly flexible, has been the only one capable of obtaining monetary estimates for non-use components of total economic value. However, this approach faces continuous criticism because of the hypothetical character of the estimates obtained. One of the latest developments to try to overcome this criticism has been choice modelling (CM), the application of which to the estimation of non-market environmental values is still in a formative stage. This book, edited by Bennet and Blamley, provides a comprehensive review of this technique, based on the authors' vast experience in CM, providing both a theoretical and practical approach and without avoiding discussing the main areas where debate is still continuing.

The book is divided into three sections, each dealing with an important aspect of CM. In two chapters, J. Louviere, J. Bennet and V. Adamovic review the theoretical foundations of CM and its evolution, together with a guide to its implementation. As stated by Bennet and Adamovic, this is not intended to be a user's manual for implementation but rather 'a first base from which [potential practitioners] can go on to a deeper consideration of the theoretical issues and practicalities that are embedded through a CM application' (p. 38). Sufficient insight, examples and references to further reading are given to achieve this objective. This allows practitioners to design and carry out a CM exercise as well as to understand what information can be derived from the results.

The second section focuses on three case studies of CM application to a wide spectrum of goods, all carried out in Australia. Each chapter aims at providing an example of how CM can be an asset for policy making. The first case relates to evaluation of water management options, where trade-offs between environmental impacts, cost to consumers and water supply restrictions are investigated. The most relevant conclusion derived from the chapter is the versatility of the results provided by CM as compared with the contingent valuation method (CVM), as the individual valuation of