

after that and most of them had learnt from Scherer's book that they would be better off being freelance than second-class citizens in the service of kings and princes. Or is it because "later, between 1840 and 1880, the popular demand for musical performance was met by the establishment of hundreds of music halls, which offered working-class patrons instrumental and vocal music lubricated by the sale of alcoholic beverages" (p. 47)? Or just because, as I suspected, Scherer does not like the music that was composed after 1849, with the exception of Mahler (not even all of it) and Shostakovich!

REFERENCES

- Baumol, William, and Hilda Baumol. 1994. "On the Economics of Musical Composition in Mozart's Vienna." *Journal of Cultural Economics*, 18(3): 171–98.
- Caves, Richard. 2000. *Creative Industries: Contracts between Art and Commerce*. Cambridge: Harvard University Press.
- Elias, Norbert. 2001. *Mozart: Zur Soziologie eines Genies*. Frankfurt: Suhrkamp Verlag.
- Scherer, F.M. Forthcoming. "The Evolution of Music Markets," in *Handbook of the Economics of Art and Culture*. Victor Ginsburgh and David Throsby, eds. Amsterdam: Elsevier.
- Simonton, Dean. 1989. "The Swan-Song Phenomenon: Last-Works Effects for 172 Classical Composers." *Psychology and Aging*, 4(1): 42–47.

VICTOR A. GINSBURGH
 ECARES, Free University of Brussels, and
 CORE, Catholic University of Louvain

Q Agricultural and Natural Resource Economics • Environmental and Ecological Economics

Agricultural Policy Reform and the WTO: Where Are We Heading? Edited by Giovanni Anania, Mary E. Bohman, Colin A. Carter, and Alex F. McCalla. Cheltenham, U.K. and Northampton, Mass.: Elgar, 2004. Pp. xi, 648. \$160.00. ISBN 1–84376–892–5. *JEL* 2005–0825

Will agricultural liberalization be a milestone or a stumbling-block for the WTO? Is liberalization really the way to improve food security for the world's poor and hungry? Are green box subsidies the path to sustainable rural development, or just back-door protectionism? Should the

WTO promote deeper global integration by making rules on members' domestic policies? These are just a few of the important questions that this ambitious volume helps to answer.

Originating from the proceedings of a major conference, the volume contains contributions from many of the world's leading agricultural policy researchers. As a result, it maintains a generally high academic standard despite being undeniably policy focused. For example both Mike Gifford and Tim Josling provide excellent summaries of Doha round agricultural trade negotiating positions and modalities, with the latter also notable for its discussion of conceptual issues in domestic farm policy. Jean-Christophe Bureau and Luca Salvatici, Alberto Valdés and William Foster, and Laurian Unnevehr and Donna Roberts provide reality checks on the complexity of achieving fair and efficient WTO rules on market access, special safeguards, and food safety regulations respectively. Several of the papers provide useful summaries and analysis of agricultural support and protection data, while numerous others perform modeling simulations of various policy proposals. Taking a step back from the details, Per Pinstrup-Andersen provides an overview chapter that is designed to motivate attention in agricultural trade negotiations to issues such as inequality and hunger.

Absent from the volume, however, is a chapter that surveys and synthesizes the existing literature in order to make broad policy recommendations. As a consequence, readers new to the topic may want to complement the volume with one or more of the numerous such reports available (Allan Matthews 2001; USDA 2001; Eugenio Díaz-Bonilla, Marcelle Thomas, and Sherman Robinson 2002; Kym Anderson 2003; and Ralf Peters and David Vanzetti 2004).

Consistent with the rest of the literature in this area, the volume makes extensive use of computable partial and general equilibrium models in order to simulate the impacts of potential agricultural policy changes. Each of these chapters seeks to contribute some innovation to the literature, for example a broader range of outcome measures, or more realistic policy changes or tariff rates. Yet the major findings of the simulations in this volume are consistent with those that can be found elsewhere in the literature. In light of both the stated priorities of developing country negotiators and the objectives recommended by

Pinstrup-Andersen, this review considers these findings as they pertain to improving food security in developing countries.

Allan N. Rae and Anna Strutt tackle the domestic subsidy question by comparing the impacts of tariff and export subsidy cuts accompanied by varying cuts in different categories of domestic subsidies. They find that while the liberalization of the strictly trade related policies, i.e., tariffs and export subsidies, produces significant increases in developing country welfare, the addition of the domestic subsidy cuts actually reduces these gains. This result stems from the fact that liberalization of trade policies has a relatively large impact on global trade flows, while reductions in domestic subsidies have a relatively large impact on food prices. John Wainio and Paul Gibson, and Emmanuelle Chevassus-Lozza and Jacques Gallezot examine the impact of WTO induced tariff liberalization on countries currently receiving preferential market access from the United States and European Union respectively. Both find that while the majority of developing countries would benefit from broadly applied (i.e., most favored nation) tariff reductions, countries that are highly dependent on their current preferential access will suffer. This is somewhat concerning from a food security perspective because dependence on preferential access tends to be highest among very poor and undiversified agricultural economies. Focusing on EU subsidies, Hans G. Jensen and Søren E. Frandsen find support for decoupling from production. Decoupling appears to have the twin advantages of increasing factor income in EU agriculture and increasing welfare in the "rest of the world." Finally, using a range of measures that includes national food consumption, Eugenio Diaz-Bonilla, Xinshen Diao and Sherman Robinson find that explicit consumer taxation and government investment in agriculture in developing countries would outperform the equivalent implicit consumption tax resulting from tariff increases.

The model findings regarding the best trade policies for improving food security in developing countries raise questions about two of the major negotiating points of the developing countries: reductions in OECD domestic subsidies, and the right to increase their own levels of border protection through special and differential treatment. One potential reason for these seemingly

perverse objectives becomes apparent if we consider the characteristics of the three developing countries that hold the most negotiating power in the WTO: China, India, and Brazil. As Anderson shows for the case of China and India, unlike many smaller or poorer developing countries, these two giants are and will remain either roughly food self-sufficient, or net agricultural exporters. Thus increases in food prices will not be particularly harmful to them.

These three large countries also stand to gain significantly from any growth in world agricultural trade resulting from OECD agricultural liberalization. For example, Wainio and Gibson show that developing countries in general face higher ad valorem rates of tariff barriers to the U.S. market than OECD agricultural exporters do, primarily because most tariffs are currently specific (as opposed to ad valorem), and therefore disadvantage the lower price or quality exporters. Similarly Chevassus-Lozza and Gallezot highlight the importance of tariff escalation in the European Union as a means of encouraging unprocessed imports while discouraging processed food imports from developing countries. This sort of perverse protectionism is particularly vexing for countries such as China, Brazil, and India which have significant potential to export processed agricultural products. Both these chapters also show that many of the smaller developing country competitors for these three countries currently enjoy superior preferential access to the United States and European Union markets. Finally, Bruce A. Blonigen's chapter suggests that in regard to U.S. antidumping actions, Chinese agriculture is actively discriminated against.

Political motivations notwithstanding, supporters of the developing country negotiating position are likely to find very different explanations for the contradiction between their preferred policies and the findings of the model simulations. In particular, they are likely to point to the technical weaknesses and limitations of the modeling approaches, many of which are readily acknowledged by the various authors. It is also true that finding the "best" policies for combating food insecurity requires answers to questions that the models used in the volume are simply not designed to answer. For example, who are the food-insecure? Will their incomes rise more or less than the cost of food? And, how

will the agricultural sector respond in the different countries? Will dynamic benefits of policy changes outweigh the static costs? None of these questions are specifically addressed in the volume, which suggests a conscious and probably wise decision on behalf of the editors to limit the volume's scope.

One final reason for the mismatch between negotiating rhetoric of the developing countries and the simulated outcomes is the different meanings attached to the term "food security." Indeed the concept is so complex that it is the subject of a substantial literature (Barrett 2002). This review, like most economic writing, has implicitly considered the concept from the perspective of individuals within nation states. However, when nation states talk about food security, they are usually talking about it from the aggregated perspective of the nation state itself. From the perspective of the individual, measures such as consumer surplus and net welfare are likely to be pertinent. From the perspective of the nation state, production and trade balances will be more important (Stevens, Greenhill, Kennan, and Devereux 2002). The implications of different definitions of food security are well illustrated by the work of Daneswar Poonyth and Ramesh Sharma. They compare outcomes for a broad range of measures under three potential Doha round liberalization scenarios. In all three scenarios, liberalization tends to lead to decreases in net welfare, consumer surplus, and government revenue in developing countries. Government revenue falls because the developing countries also decrease tariffs in the scenarios modeled. However, developing country food exports generally increase, agricultural trade balances improve, and producer surplus increases. Thus using a nation state definition as suggested by Stevens et al., one is likely to conclude that developing country support for OECD liberalization is consistent with their goal of improving food security. However, many of the most food insecure people within developing countries are net consumers, not producers of agricultural products. Thus, using an individual based definition of food security as preferred by economists, one may be inclined to conclude that the developing country position is consistent with them pursuing a traditional mercantilist and producer biased approach to WTO negotiations,

at the expense of their ostensible goal of improving food security.

The final section of the volume leaves aside quantitative simulations of agricultural policy reforms and considers the broader question of the future of the WTO. The meta-question of part 4 of the volume appears to be whether the WTO, by moving increasingly toward rules that constrain so-called domestic policies, should be an agent for "deep" global integration. In the context of this volume, an ideal approach to this question would have been to examine the linkages between agricultural policy issues and broader approaches to domestic policy issues in the WTO. Unnevehr and Roberts come closest to achieving this ideal by providing an agricultural case study of the problems and inefficiencies that can arise when the WTO becomes involved in questions of standard setting. A further three papers address the meta-question fairly directly, but without a clear link to agriculture: Paolo Guerrieri discusses the appropriateness of WTO involvement in domestic policy issues; GianCarlo Moschini discusses intellectual property rights and the WTO; and Mary E. Burfisher, Sherman Robinson and Karen Thierfelder discuss regionalism. In the final two papers, Blonigen provides a very interesting analysis of U.S. anti-dumping action on agriculture, while Kathy Baylis, Gordon C. Rausser and Leo K. Simon provide some much-needed political economy content to the volume, along with a comparative analysis of U.S. and EU agri-environmental programs.

In conclusion, even if you read the entire contents of this volume it is perfectly likely that you will be less confident than you were to begin with of an answer to the book's primary question of where agricultural policy reform in the WTO is heading. However, you will be far less likely to believe a confident answer that you hear from someone else, and far better armed to challenge their assumptions. You will also have learnt answers, or at least partial answers, to many other interesting questions, and you will have asked yourself many more that had never previously occurred to you. These are signs of a good contribution in any field of research.

REFERENCES

- Anderson, Kym. 2003. "Trade Liberalization, Agriculture, and Poverty in Low-Income Countries." WIDER Discussion Paper No. 2003/25.
- Barrett, Christopher B. 2002. "Food Security and Food

- Assistance Programs,” in *Handbook of Agricultural Economics*, Volume 2B. Bruce L. Gardner and Gordon C. Rausser, eds. Amsterdam: Elsevier, 2103–90.
- Díaz-Bonilla, Eugenio, Marcelle Thomas, and Sherman Robinson. 2002. “On Boxes, Contents, and Users: Food Security and the WTO Negotiations.” IFPRI Trade and Macroeconomics Division Discussion Paper No. 82.
- Peters, Ralf, and David Vanzetti. 2004. “Shifting Sands: Searching for a Compromise in the WTO Negotiations on Agriculture.” UNCTAD Policy Issues in International Trade and Commodities Study Series No. 23.
- Matthews, Alan. 2001. “Developing Countries’ Position in Agricultural Trade Negotiations.” *Development Policy Review*, 20(1): 75–90.
- Stevens, Christopher, Romilly Greenhill, Jane Kennan, and Stephen Devereux. 2002. “The WTO Agreement on Agriculture and Food Security.” U.K. Department for International Development Paper.
- Sumner, Daniel A., and Stefan Tangermann. 2002. “International Trade Policy and Negotiations,” in *Handbook of Agricultural Economics, Volume 2B*. Bruce L. Gardner and Gordon C. Rausser, eds. Amsterdam: Elsevier, 1999–2055.
- United States Department of Agriculture. 2001. “Agricultural Policy Reform in the WTO—The Road Ahead.” Mary E. Burfisher, ed. Market and Trade Economics Division, Economic Research Service, U.S. Department of Agriculture. Agricultural Economic Report No. 802.

EMMA AISBETT
University of California, Berkeley