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Review of *Policy Reform in American Agriculture: Analysis and Prognosis* by David Orden, Robert Paarlberg, and Terry Roe

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Policy Reform in American Agriculture: Analysis and Prognosis. David Orden, Robert Paarlberg, and Terry Roe. Chicago: University of Chicago Press, 1999. xiii+270 pp. Figures, tables, references, index. \$38.00 cloth (ISBN 0226632644).

Another farm policy debate is underway, and those who plan on participating, or even watching closely from the sidelines, would be well advised to read *Policy Reform in American Agriculture*. The authors make clear that what is at issue goes well beyond whether the 1996 farm bill's decoupled payment system (where the amount farmers receive is independent of the market price for their crops) is jettisoned or not. Indeed, decisions on how to construct a new safety net may be as important to the long-run outlook for US agriculture as the level at which it is set.

Orden, Paarlberg, and Roe clearly favor continuing along the path toward a market-based system. They believe that the efficiency gains from reducing trade barriers and eliminating domestic supply controls and price supports will outweigh any losses attributable to the accompanying price volatility and increased income instability. And, along with most economists, they see a large unfinished agenda in the treatment of import competing commodities such as sugar, tobacco, and dairy products. While that point of view will be obvious to readers, it neither interferes with the objectivity of their reporting nor diminishes the value of their work.

The book has two major sections. Chapters 1 through 3 provide a useful historical perspective, reviewing the history of US farm programs and international agricultural negotiations. Here the authors trace the slow, evolutionary policy shifts that have led to a greater reliance on market forces in the agricultural sector. Budgetary pressures and the need to remain competitive in world markets have been the major forces moving the US from Depression era subsidies and supply controls to a program that has reduced reliance on price supports and eliminated some of the barriers to fuller participation in world trade. They see the policy changes prior to 1996 as resulting from a "cash-out" process, whereby the farm sector has been compensated each time it gave up the right to a small portion of the market protection it once enjoyed. That strategy, while relatively unattractive if one's goal is to reduce budgetary pressures and quickly reduce market distortions, has been the only politically successful approach since the 1960s.

In 1996, however, that incremental approach to reform was abruptly bypassed with passage of the Federal Agriculture Improvement and Reform Act (FAIR). In what readers are likely to find the book's most interesting section, the authors describe and then dissect the conditions that made the wholesale changes in the farm program contained in FAIR possible. They find that high commodity

prices and a change in party control of Congress were necessary conditions for FAIR's passage. Chapter 6, in which they speculate on what might happen in the future, holds up quite well given that it was written before wholesale disillusionment with FAIR set in. Unfortunately for those seeking further trade liberalizing action, it appears that current conditions now favor a "setback scenario," not further movement toward reform. **Thomas F. Stinson**, *Department of Applied Economics, University of Minnesota*.