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augmented by leadership and decision-making with corporate culture, connectivity and human resources development as a long-term strategy. As a lone non-colonized Southeast Asian economy, Thailand is unique in flexible relationships, including business-to-government even if both case studies are not world-class international exporters by any measure (p. 201). The epilogue since the Asian financial crisis (pp. 202–205) seems prescient given the current global crisis.

All the case studies covered fall into three groups without any generic lessons for relevant emulation. One has close government ties as proactive industrial policy, sustained efficiency and enhanced government intervention. The other two show the importance of linkages of indigenous firms with the government's role as facilitator to catalyse technology transfer and private institutions as catalyst for the government to address collective action problems. Unlike export-orientation which is easier to mimic, East Asian industries and firms are not easily explained by indigenous organization and structure, management style, firm size, initial conditions and socio-cultural networks as single or combined factors.

Selective industrial policy worked more than functional intervention which needs supportive conditions (culture, linguistic affinities, law and order) and policies (tax incentives, subsidies, education and training, investment and export promotion). Finally, the case studies showed many varieties of proactive industrial policy for international competitiveness. The different tiers are also due to dynamics in time and environment.

Universal market imperfection makes it socially desirable for the government to target industries for effective protection, conditional on infant industries to exit from import-substitution to export-orientation. It is another story why infant industry never grows up as politics enters the fray.

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***The Politics of Food Supply: U.S. Agricultural Policy in the World Economy*. By Bill Winders.** USA: Yale University Press. Pp. 304.

Since the time of the New Deal, the agricultural sector in the United States has been one of the most glaring exceptions to the official American preference for free markets. A complex regime of regulatory controls governed the production of leading crops for the better part of the past eight decades. Bill Winders in *The Politics of Food Supply: U.S. Agricultural Policy in the World Economy* provides an engaging and incisive account of the history and political economy of farm policy in the United States. Using a balanced mix of economic and sociological analysis, Winders shows that American agricultural policies, in spite of being a well-intentioned response to a protracted agricultural crisis, have imposed substantial economic and human costs on the world and proven remarkably resistant to wholesale reform. The U.S. government's farm sector interventions have transferred billions of dollars from American consumers to producers and devastated agriculture in many developing countries. Winders provides a high-level survey of the global implications. A detailed case study on the effects on farmers and consumers in a particular country or region would have made the book more complete. This omission is understandable though given the already broad scope of the work. Notwithstanding its quick review of world effects, the book provides Southeast Asian policy-makers with valuable insights on how to address poverty. Specifically, the history of U.S. farm policy demonstrates the inferiority of ad hoc, market-specific interventions versus broad-based relief efforts.

While U.S. agricultural policy deserves to be criticized on economic and equity grounds, it was originally a well-meaning response to the prolonged farm slump in the years following World War I. The revival of European agriculture after the war led to a glut in the supply of grains,

resulting in the collapse of world food prices. The recovery that occurred in the mid-1920s proved to be transient. Higher prices stimulated increased cultivation, which soon drove prices back down to their previously low levels. The Great Depression in the even more dismal thirties, in which few sectors were spared, followed the twenties. Average farm incomes fell by over 50 per cent in nominal terms from 1926 to 1932, and nearly 40 per cent of farms were foreclosed in 1933. The highly competitive agricultural market, while likely producing the allocative efficiency described in economics textbooks, imposed significant hardship on farmers. In spite of widespread pleas for aid, the Republican presidential administrations of the 1920s and early 1930s were hostile on principle to government intervention in the marketplace. They provided modest technical assistance to farmers but refused to enact policies to increase agricultural incomes.

The election of Franklin Delano Roosevelt in 1932 led to a dramatic expansion of the federal government's role in the market, and agriculture was one of the first sectors to feel the effects. The Agricultural Adjustment Act created the system of production controls and price supports that regulated American agriculture until 1996. The basic purpose of this system was clear: limit output to raise prices and incomes in the farm sector. Production controls restricted the amount of acreage a farmer could devote to a particular crop. A hypothetical profit-maximizing farmer, for instance, may have wanted to plant cotton on all four hundred acres of his farm but production controls would require him to cultivate no more than two hundred acres. To supplement acreage quotas, the government also provided price supports to bolster farm incomes. Using the four-year period of high prices that preceded World War I as a baseline, the government paid farmers the difference between this so-called "parity price" and the prevailing market price. Because production controls applied to land, an input, rather than output, the inducement of price supports combined with technological advances like chemical fertilizer and hybrid seeds led to dramatic increases in output per acre. Price supports thus undermined the purpose of production controls, forcing the government to spend even more to ensure farmers received the parity price.

The U.S. government, in attempting to reconcile the tension between price supports and production controls, has exported the effects of its agricultural policies to the developing world. To dispose of the massive surpluses that price supports helped produce, a system of export subsidies was instituted. This export promotion meshed well with American Cold War objectives: food surpluses could be shipped to developing nations in exchange for their fealty. Admittedly, some nations benefited from this policy. Low-income food importers enjoyed an improvement in their terms of trade because of the export of subsidized American grains. On net though, U.S. agricultural policy with respect to the developing world can be described as "robbing Peter to pay Paul". While food importers gained from cheap U.S. exports, countries with previously vibrant agricultural sectors saw their rural economies ravaged. Winders describes the dramatic experience of Colombia, where wheat producers were devastated by cheap U.S. imports. A country that relied on domestic farmers for three-quarters of its wheat consumption in the 1950s was importing nearly two-thirds of its wheat by the mid-1960s. In addition to flooding the world market with cheap food, the U.S. erected protectionist walls around its domestic market to ensure that imports did not further increase the spread between the market price and the parity price guaranteed to farmers. To compound the perversities in U.S. policy, other developed nations such as Australia and the European Union member-states established similar mercantilist agricultural programs. The General Agreement on Tariffs and Trade codified this protectionism in international law and exempted agricultural commodities from the drive for trade liberalization. In recent years, ASEAN members and other developing nations have called on developed countries to abolish subsidies on agricultural exports entirely.

Winders' account of the persistence of U.S. agricultural interventions is just another

vindication of the theory of collective action: small groups have a much greater ability and incentive to organize than large groups. In the political debates over agriculture, concentrated farm interests invariably triumphed over diffuse consumers (and, of course, entirely unrepresented farmers in Africa, Asia, and Latin America). Major changes in farm policy occurred only when the coalition supporting agricultural policy fractured, and the corn interests gained the upper hand over cotton and wheat interests. Corn farmers had for a long time a mixed opinion of agricultural interventions and, in fact, opposed production controls. Unlike cotton and wheat, American corn has been competitive on the world market for decades. Corn producers, for instance, lobbied aggressively for China's accession to the World Trade Organization so they could reach increasingly affluent Chinese consumers. Production restrictions meant that American corn producers could not fully exploit their advantage in foreign markets. Moreover, corn is an important ingredient in animal feed and so livestock producers — an influential group in their own right — resented how the government artificially elevated the price of a key input. This "corn-livestock coalition" finally succeeded in winning political support for significant but still incomplete reform in 1996. Congress eliminated production controls and replaced price supports with income supports that are not tied to market prices or production decisions. Disappointingly, the export subsidies that have inflicted so much harm on farmers in developing nations remain in place due to a lack of political support for reform. Cotton and wheat farmers support subsidies while the corn sector is divided on the matter and so has been unwilling to mount a sustained campaign to abolish export aid.

While the effects of U.S. farm policy have perhaps been felt more intensely in other parts of the world, its history nonetheless provides multiple lessons for Southeast Asian governments. Well-meaning but poorly fashioned policies may not be easy to undo once created. Special interest legislation can create powerful constituencies that frustrate desirable reform efforts. The U.S. Congress partially dismantled irrational agricultural regulations only when one of the intended beneficiaries — corn farmers — refused to accept the status quo and had the necessary clout to force change. The other principal lesson of American farm policy is that there is a right way and a wrong way to alleviate poverty. The pre-Great Depression experience of American farmers, the Asian financial crisis, and the current global recession demonstrate an inescapable feature of market economies: they are volatile on both a micro and macro level and so can inflict significant hardship on large segments of the population. Because at any given time human suffering is rarely confined to only certain regions or sectors, poverty relief efforts should target the poor across society rather than only those in select beleaguered industries. After all, the struggles of an unemployed factory worker are no less tragic than the plight of a farmer selling his crops in a depressed market. Compared to industry-specific aid, an income floor and other social insurance schemes for all citizens are a more efficient and equitable way of protecting people from the harsh vicissitudes of the market. Encouragingly, some Southeast Asian countries appear to be following this approach: Vietnam in 2005, for example, expanded the fraction of its population eligible for supplementary income and began providing free medical care for all children aged six and younger. Besides ignoring the suffering of countless others, special concern for particular sectors can have serious unintended consequences. In the case of agriculture, solicitude for the American farmer has not only taken money from the pocket of domestic consumers it has further impoverished the rural poor in the global South.

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