

FOUNDATIONS OF AGRICULTURAL MARKET ANALYSIS AND AGRICULTURAL POLICY, Koester, Ulrich (2020): Verlag Franz Vahlen, 439 p.

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German professor emeritus Ulrich Koester is a giant of European agricultural economics, specialised in the analysis of agricultural policy in Europe and transition economies. Since the late 60's, he has published numerous articles and books on this topic, in which he critically assessed the market impacts and policy failures of domestic and EU Common agricultural policy. Perhaps even more important is his impact on building a new generation of agricultural economists in Germany and Eastern Europe. For his supervision of PhD theses and especially for his agricultural economics textbooks, he was awarded three honorary doctorates.

His most famous textbook is *Grundzüge der landwirtschaftlichen Marktlehre*; fifth edition, 2016), a book in which generations of future agricultural economists learned the basics of agricultural economics from his masterful explanation of the determinants and impacts of agricultural policy. I myself am one such economist on whom Prof. Koester's book has left a deep impression. Begin of 90s I learned a great deal and was fascinated by his clear explanations, logic and theoretically sound deductions. Now this German textbook is available in an extended and updated English version that can find new readers and seekers of the truth of agricultural policy.

In the first part of the textbook, "Foundations of Agricultural Market Analysis," the neoclassical principles of demand, supply and free market price formation for agri-food products are presented. The analysis focuses primarily on pricing in perfect markets as a basis of the market economy and to understand policy interventions. Additionally, some aspects of imperfect markets are addressed, such as transaction costs and information asymmetry.

The main part of the book, "Agricultural Policy", explains the economic, institutional and political-economy backgrounds of real-world agricultural policy. It begins, mainly based on the European experience, with the key arguments for policy intervention, like food security and safety, agricultural income, efficiency, market stability and protection of the environment. Basic welfare analysis of the main policy mechanisms concludes the introductory section. The subsequent chapters deal with EU agricultural policy, starting with a description of the objectives and actors of agricultural policy at the supra-national level, including the EU Commission, Council of the EU and European Parliament. The majority of the book is focused on the impact analysis of different EU market, income, and regulatory instruments. The author applies a comprehensive evaluation framework based on the welfare, distribution, budgetary, trade and administrative effects of the selected policy instruments. He also asks himself "*why agricultural policy is the way it is*" and explore the reasons behind the different levels of agricultural support in developed and developing countries. Some political economy explanations are provided, such as the political power of interest groups. In the concluding chapter of this part, the evolution, milestones and policy reforms of EU agricultural market policy in the period from 1984 and 2013 are delineated and briefly analysed. The Epilogue outlines the possibilities for the further evolution of EU agricultural policy and its main institutional determinants like budgetary, income and (re)distribution pressures.

The main characteristic of the textbook is the rigorous use of the standard economic theoretical frame for policy analysis, extended to the original policy evaluation tool that can be, as the author states, “applied to any country”. The book is mostly focused on EU agricultural policy explained in the line issues – targets – instruments – impacts valid especially for agricultural policy analysts. It therefore has value for intensive education purposes in applied economics, where students should be trained in analytical and critical thinking.

The book may be of special interest for teaching agricultural economics and agricultural policy in the EU candidate countries. Western Balkan students should learn facts about European Union, but, more importantly, they should learn to critically assess the efficiency and effectiveness of the EU policy instruments. The logic of strategic planning and thinking introduced by the new (post-2023) CAP is demands new competencies of the public administration, but also for researchers in the region.

Koester’s book “Foundation of Agricultural Market Analysis and Agricultural Policy” is also the right choice for those willing to understand more about the EU and its agricultural policy from the applied economic perspective and therefore should be the basis for teaching agricultural policy at the Masters level, and even as a starting point for the PhD level and research into the complex, ever-changing agricultural policy of the European Union. The work summarises the traditional agricultural economics view on policy, which is slowly receding from the public debate and is therefore of special, even “historical” value. The neoclassical approach broadened with institutional economics can help to understand agricultural markets and the impacts of policy interventions. This is where agricultural economics played an important role in the past and where the author also had a recognisable role at the European and even world level. However, it is also true that an important part of modern policy interventions demands the application of broader and multi-disciplinary knowledge related to the climate crisis, nature conservation, food, health, animal welfare, and the territorial and regional approach. This is perhaps missing in this very economically driven approach.

The book can thus be seen as a monument to past agricultural economics. While all agricultural economists should absolutely have this fundamental, standard knowledge, the challenge before new generations is to expand it in collaboration with other social scientist as well as climatologists, environmentalist, food and health specialist, develop new horizons and scientific dimensions. There is an urgent need to find new “Koesters” who can write new textbooks like this, adapted to new societal demands. His generation’s excellent legacy lies especially in the analytical, sound theoretical approach and societally relevant work and engagement.

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