

BOOK REVIEW

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Koester, U. (2020): Foundations of Agricultural Market Analysis and Agricultural Policy

Vahlen Textbooks, Verlag Franz Vahlen GmbH, Munich, Germany, 439p.

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Recently Professor Ulrich Koester's new book has been published by "Vahlen Textbooks" in Munich, Germany. It is based on the original German textbook of the author, which has as much as five updated editions (1st in 1981, 2nd in 1992, 3rd in 2005, 4th in 2010 and 5th in 2016), and is used by various universities in Germany and other German speaking countries as textbook. Its Russian edition was also used for teaching purposes in Ukraine, while an updated Russian edition is currently prepared for publication to be used in "Higher School of Economics" in Russia. Other editions are also under preparation for Serbia and Mongolia. The book itself is more than a textbook as it provides up-to-date theoretical support for agricultural market analysts and policymakers.

The book is 439 pages in length and besides the Introduction and Epilogue sections, consists of two parts, comprising three and five chapters respectively. The first, introductory chapter presents the concept of the author, describes the topic of agricultural market analysis and policy, and outlines the purpose of the book.

In the first part of the book, which consists of three chapters, the author deals with market analysis by discussing the characteristics of demand and supply for agricultural products and agricultural inputs as well as those of agricultural price formation. A significant merit of these chapters is that the author not only presents the basic microeconomic theories but also discusses their respective agricultural applications, providing detailed examples of actual agricultural markets. For instance, the demand for several agricultural products is illustrated by presenting elasticities in some countries and for various typical consumer groups.

The second part deals with agricultural policy in five chapters. The fifth chapter gives a deep analysis of the rationales underpinning agricultural policy together with a detailed discussion of the major policy instruments. Naturally, the author, who has been for half a century an expert on German agricultural policy, discusses the transformation of German agricultural policies very much in detail.

The topic of the sixth chapter is the objectives of agricultural policy, their setting, the choice for alternative policy solutions, some legal forms of them in Germany and in the EU, in correspondence with international agreements. The actors (who are practically decision-makers) of agricultural policy are presented through the specific case of the EU, and some problems of EU policy settings are also discussed.

The seventh chapter, which is the longest one in the book, presents the instruments of EU agricultural policy. The author here provides a detailed analysis of possible changes in agricultural policy under different factors and a broad variety of effects

of these changes (e.g. on price and quantity, welfare, distribution, budget, international trade, etc.). This part provides an extremely profound tool for analysis of the policy instruments in agriculture. The author then deals with the reasons for, and problems arising from, the lack of transparency. The last part of this chapter provides a detailed economic analysis pertaining to selected instruments of agricultural policy.

The eighth chapter investigates the political economy of the EU agricultural market policy. The main question of Professor Koester is: "why is the policy as it is?". The author also deals with the different levels of protection in industrialised and developing countries to give a broader perspective and explains EU agricultural policy by the rational behaviour of all groups acting in it. At the end of the chapter, there is a broad political-economic analysis of EU agricultural market policy which provides a context for the findings of the next chapter.

The ninth chapter presents the basic principles of EU agricultural market organisations, introducing the ways of development and perspectives. The tenth chapter is the last one of the book, which is a short epilogue on some current problems and discussions related to agricultural sector as the Brexit, the impact of past decisions and the case of direct income support linked to agricultural land.

The book is excellent for teaching agricultural economics and policy based on its profound microeconomic and political economy theory and applied cases to agriculture. The author's extensive knowledge of the sector can be felt everywhere, and the book also provides good analytical tools for analysis of both agricultural markets and policy instruments.

Naturally, the book has no room to deal with other important agricultural policies as the American, Russian, and Chinese models, where the objectives can be very different from the EU's. However, Professor Koester presents the evolution of demand, supply, and price formation of agricultural products so lucidly and establishes his model of agricultural market analysis so perfectly that his analytical methodology can easily be applied to different countries and circumstances. It is a good challenge for agricultural economics students to apply Professor Koester's logic to other countries like New Zealand, Brazil, or India.

The book is also very useful for agricultural policymakers as they can follow a clear and very detailed theoretical presentation and discussion on the agricultural markets and the process whereby individual instruments affect markets in an international environment. It can also be used by them as an informative reference book.