## Index

<table>
<thead>
<tr>
<th>Acemoglu, D., 34n1, 270</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afatoxins, 50, 66</td>
</tr>
<tr>
<td>Africa</td>
</tr>
<tr>
<td>commodity characteristics in, 234</td>
</tr>
<tr>
<td>comparative perspective of commodity characteristics overview, 221, 224</td>
</tr>
<tr>
<td>non-traditional export crops, 223–224</td>
</tr>
<tr>
<td>staple food crops, 221–222</td>
</tr>
<tr>
<td>traditional export crops, 222–223</td>
</tr>
<tr>
<td>food exports from, 4, 50</td>
</tr>
<tr>
<td>income, effect on high standards economy, 148</td>
</tr>
<tr>
<td>liberalization in overview, 9, 235</td>
</tr>
<tr>
<td>liberalization process, 240</td>
</tr>
<tr>
<td>non-traditional export crops and, 252–255</td>
</tr>
<tr>
<td>performance, analysis of, 252</td>
</tr>
<tr>
<td>pre-liberalization economy, 239–241</td>
</tr>
<tr>
<td>staple food crops and, 252–255</td>
</tr>
<tr>
<td>traditional export crops and, 252–255</td>
</tr>
<tr>
<td>variations in performance, 237, 252–255</td>
</tr>
<tr>
<td>market power in, 207</td>
</tr>
<tr>
<td>price transmission in, 208n2</td>
</tr>
<tr>
<td>production structure in, 159–160</td>
</tr>
<tr>
<td>staple food crops in, 220n1</td>
</tr>
<tr>
<td>supermarkets in, 142–143</td>
</tr>
<tr>
<td>third party contract enforcement in, 180</td>
</tr>
<tr>
<td>value chains in, 235</td>
</tr>
<tr>
<td>vertical coordination in, 162–163</td>
</tr>
<tr>
<td>Aghion, P., 195n1</td>
</tr>
<tr>
<td>Agricultural Marketing Service (USDA), 68n2</td>
</tr>
<tr>
<td>Agriculture, scale economies in, 149n5–150</td>
</tr>
<tr>
<td>Ailawadi, K.L., 198</td>
</tr>
<tr>
<td>Akerlof, G.A., 12</td>
</tr>
<tr>
<td>Akiyama, T., 240n8</td>
</tr>
<tr>
<td>Aldi (retail store), 198</td>
</tr>
<tr>
<td>Amacher, G.S., 16, 17, 101</td>
</tr>
<tr>
<td>American Meat Institute, 78n4–79</td>
</tr>
<tr>
<td>Anderson, K., 13, 16–17, 18, 37, 50, 51n5, 57, 74</td>
</tr>
<tr>
<td>Andersson, C., 5n8</td>
</tr>
<tr>
<td>Ando, A., 272</td>
</tr>
<tr>
<td>Andreoni, J., 69</td>
</tr>
<tr>
<td>Animal welfare, private standards regarding, 78–79, 78n4</td>
</tr>
<tr>
<td>Ansell, C., 72</td>
</tr>
<tr>
<td>Asia</td>
</tr>
<tr>
<td>commodity characteristics in, 234</td>
</tr>
<tr>
<td>contract farming in, 4n6–5</td>
</tr>
<tr>
<td>food exports from, 4</td>
</tr>
<tr>
<td>liberalization in, 192</td>
</tr>
<tr>
<td>vertical coordination in, 162–163</td>
</tr>
<tr>
<td>Asymmetric information modeling of standards and, 12–16, 12n1</td>
</tr>
<tr>
<td>private standards reducing, 77–78</td>
</tr>
<tr>
<td>Azzam, A., 198</td>
</tr>
<tr>
<td>Babcock, B., 125</td>
</tr>
<tr>
<td>Bajari, P., 181</td>
</tr>
<tr>
<td>Baldwin, R., 4n4, 62n10, 63, 99n2</td>
</tr>
<tr>
<td>Baltzer, K., 13, 16–17, 18, 50n2</td>
</tr>
<tr>
<td>Bardhan, P., 171n13–172</td>
</tr>
<tr>
<td>Barla, P., 198</td>
</tr>
<tr>
<td>Barrett, C., 18, 49n1, 248n14</td>
</tr>
<tr>
<td>Becker, G.S., 34n1</td>
</tr>
<tr>
<td>Beef</td>
</tr>
<tr>
<td>hormones in, 53</td>
</tr>
<tr>
<td>traceability standards, 77n1</td>
</tr>
<tr>
<td>Beghin, J., 4n4, 16–17, 50n3, 51</td>
</tr>
</tbody>
</table>
Index

Belgium
dioxin crisis in, 71, 97n1
retail concentration in, 196n3

Benfica, R., 231

Benin, staple food crops in, 221–222
Bernheim, B.D., 46
Bertrand competition
in dynamic model of standards, 101n5, 105, 107
social welfare, effect of standards on, 51

Besley, T., 69, 101
Bhagwati, J., 51n5
Binkley, J., 197
Binswanger, H.P., 229, 231
“Black swan” events, 103n10–104

Blandford, D., 63n11

Bockstael, N., 11, 50n4
Boom, A., 13, 16, 17, 51
Bovine growth hormone, 66
Brazil, comparative advantage regarding
GM food, 57

BRC (British Retail Consortium), 80
Bredahl, M., 50
Breweries Ltd., 232n9
Briggeman, B.C., 71
British Retail Consortium (BRC), 80
Brom, F.W.A., 67
BSE (“Mad cow disease”), 71, 97n1
Burkina Faso
staple food crops in, 231–232
traditional export crops in, 222–223
“Butterfly effect,” 98

Buyer competition, effect on market power overview, 8–9, 194, 201, 207
commodity characteristics, impact on value chain governance, 228–229
Cournot-Nash equilibrium and, 201
with perfect contract enforcement, 202–203
with supplier holdup, 203–205
with two-sided holdup, 205–206

Cadot, O., 37
Cameroon
liberalization process in, 240n9
SODECOTON, 237n2–238
Carbon dioxide emissions, dynamic model of standards and, 100
Cattaneo, O., 6
Central Asia
market power in, 206
production structure in, 159–160

Central Europe
staple food crops in, 231
value chains in, 235
CGE (Computable General Equilibrium) model. See General equilibrium effects
Champagne, 123n2
Chaos theory, 114n15
Chen, M.X., 62
Child labor, dynamic model of standards and, 100, 104n11
Chile, retail concentration in, 197
China
China Agriculture Yearbook, 275
China Statistics Yearbook, 275
Chinese Economic Yearbook, 275n5
contract farming in, 4n6–5
dairy sector scandal in, 279
general equilibrium effects in overview, 270–271
domestic demand growth scenario, 279–280
empirical application of model, 275
export-led growth scenario, 276
simulations, 276
Input/Output Table (2002), 275
liberalization in, 235
overview, 9, 235
liberalization process, 240, 240n7
performance, analysis of, 250–251
pre-liberalization economy, 237–239
production structure in, 150, 159–160
small farms in, 142, 149n5–150

Classification of standards
overview, 68n2
integration of risk and externalities, for purposes of, 67–68
quality standards, 67
safety standards, 67
social and environmental standards, 67–68
Codex Alimentarius Commission, 64, 68n2
Goen, B.J., 34n1

Commodity characteristics
overview, 9, 192, 220–221, 234
in Africa, 234
comparative perspective overview, 221, 224
non-traditional export crops, 223–224
staple food crops, 221–222
traditional export crops, 222–223
in developing countries, 220
impact on value chain governance
Index

overview, 221, 224–225
with buyer competition, 228–229
with buyer holdup, 225n3
integrating yield effects with imperfect contract enforcement, 225–227
integrating yield effects with perfect contract enforcement, 225
other characteristics, 229
with yield improvements for undifferentiated commodities, 227–228
implications for value chain governance overview, 221, 229–230
non-traditional export crops, 233–234
staple food crops, 230–232
traditional export crops, 232–233
vertical coordination and, 221

Competition
Bertrand competition in dynamic model of standards, 101n5, 105, 107
social welfare, effect of standards on, 51
buyer competition, effect on market power (See Buyer competition, effect on market power)
Cournot competition market concentration and, 194–195
social welfare, effect of standards on, 51
Compliance costs, modeling of standards and, 16–17
Computable General Equilibrium (CGE) model. See General equilibrium effects
Connor, J.M., 197
Consumers
dynamic model of standards and, 102–103
general equilibrium effects and overview, 281
model, 272
inclusion or exclusion of producers in value chains and, modeling of standards, 126
lobbying by overview, 37n4
politically unorganized consumers, 96
private standards and modeling of standards, 81
with politically unorganized consumers, 96
Consumer surplus
in dynamic model of standards, 102–103
efficiency and equity effects of standards, impact of
with different implementation costs for different producers, 30
with implementation costs, 27
with no implementation costs, 23–25
impact of standards on political equilibrium and, 37–39
in small open economy, 54
social optimum and, 35–37
inclusion or exclusion of producers in value chains and, 126–127
integration of risk and externalities and, 68–70
Continuous versus noncontinuous standards, modeling of, 17
Contract farming, 4n6–5, 5n8
Contracting costs overview, 10, 192, 256–257, 267–268
classification of overview, 257–258, 259–260
cost advantage of repeat suppliers and, 258
external input costs, 257–258, 259–260, 267
monitoring costs, 257–258, 259, 260, 267
switching costs, 257–258, 259, 260, 267
training costs, 257–259, 260, 267
value of investment outside contract and, 259
efficiency and equity effects overview, 257, 263, 265–266
on contract surplus, 263–264
on efficiency, 263–264, 267–268
efficiency premiums, 264, 267–268
ex post sharing rule, 264–265
on feasibility, 263–264, 265–266, 268
input diversion and, 261–263, 261n3
on market power, 264–265
on rent distribution, 264–265
side selling and, 261–263, 261n3
with supplier holdup, 261–263, 261n3
implications of different costs, 266–267
overview, 257
external input costs, 267
monitoring costs, 266–267, 268
switching costs, 267
training costs, 267, 268
model overview, 257, 260–261
with imperfect contract enforcement, 261–263
with perfect contract enforcement, 261

Index

Contracting costs (cont.)
- sunk costs and, 257n1
- supplier-specific costs, 259n2
Contract surplus
- commodity characteristics and
- integrating yield effects with imperfect contract enforcement, 225–227
- integrating yield effects with perfect contract enforcement, 225
contracting costs and
- overview, 260–261
- different contracting costs, effect of, 266–267
- efficiency effects, 263–264, 265–266
- market power and, 264–265
- with perfect contract enforcement, 261
- liberalization and, 241–244
market power and
- rent distribution with perfect enforcement, 200
- rent distribution with two-sided holdup, 200–201
price transmission and, 210–211
- with perfect contract enforcement, 211–213
- with supplier holdup, 213–216
vertical coordination and
- contract enforcement institutions, enforcement of, 186–187
- with perfect and costless contract enforcement, 165–166
supplier holdup, self-enforcing contracts with, 172–173
Costinot, A., 62
Côte d’Ivoire
- large farms in, 3n3
- traditional export crops in, 222–223
Cotterill, R.W., 197
Coulter, J., 231
Cournot competition
- market concentration and, 194–195
- social welfare, effect of standards on, 51
Cournot-Nash equilibrium
- buyer competition and, 201
- political economy model of standards and, 46
Cowan, R., 99n2
Crampes, C., 11, 13, 16–17
Credit, liberalization and, 237n2–238
Credit constraints
- general equilibrium effects and, 274
- high standards economy and, 143
Danone (supplier), 196
Darby, M., 72–73
David, P.A., 99n2
Debate regarding standards and value chains, 3–5
- inequality, standards as promoting, 3, 4–5
- protectionism, standards as, 3–4
Dedeouanou, S., 5n8
de Janvry, A., 271
Delgado, C.L., 229, 231
Delhaize (retail store), 196n3
Delpuech, C., 207
Demand in high standards economy model, 144–145
- production structure, impact of, 152–153
Demont, M., 231
Developing countries
- “anti-standard coalitions” in, 35, 42–44
- commodity characteristics in, 220
- contract enforcement in, 163
- dual farm structure in, 231
- food exports from, 4
- general equilibrium effects in, 281
- GM food, public perception of, 43, 44–45
- price transmission in, 208
- rent distribution in, 5
- retail concentration in, 199
- shocks in, 279
- vertical coordination in, 164–165
Dewan, T., 34n1
D’Haese, M., 197
Dhillon, A., 163n2
Dioxin crisis, 71, 97n1
Dixit, A., 99n2, 101
Dobson, P.W., 196n3, 198, 199
“Dolphin safe” tuna, 80
Domestic demand growth, general equilibrium effects and, 279–280
Dong, D., 101
Downs, A., 34n1
Dries, L., 4n6, 142–143, 260
Dye, R., 181
Dynamic model of standards overview, 8, 97–99, 120–121
- Bertrand competition in, 101n5, 105, 107
- “butterfly effect” and, 98
- carbon dioxide emissions and, 100
- child labor and, 100, 104n11
- constant and different consumer preferences overview, 98–99, 107, 120–121
- marginal cost and, 110, 111–112
- Period 1, 107–108
Period 2, 109–113
political equilibrium in, 107–113
switching costs and, 109–110, 111–112
constant and identical consumer preferences
overview, 98, 104–105, 120
marginal cost and, 106
Period 1, 105–106
Period 2, 106–107
political equilibrium in, 105–107
switching costs and, 106
consumers and, 102–103
critical level of consumer preference, 98, 120
development of, 99–100
extensions to
consumer preferences affected by regulation, 118–119
labeling policies and, 120
source of country differences and, 119
subgroups of producers and, 119–120
food industry and, 97
GM food and, 100, 102n8
government and, 103
hysteresis in
overview, 99n2
defined, 99n2
microeconomic hysteresis, 114n16
protectionism and, 99
source of country differences and, 119
temporary difference in consumer preferences, 114–118, 121
marginal cost and overview, 120
constant and different consumer preferences, 110, 111–112
constant and identical consumer preferences, 106
policy persistence in, 98–99, 110, 113, 118–119, 121
precautionary principle and, 97–98
producers and overview, 101–102
extensions to model based on subgroups of producers, 119–120
switching costs and overview, 120, 121
constant and different consumer preferences, 109–110, 111–112
constant and identical consumer preferences, 106

technology regulation and, 100–101
temporary differences in consumer preferences
overview, 99, 113–114, 121
political equilibrium in, 114–118
Scenario 1, 114–116
Scenario 2, 116–118
tables, 115t8.1–114, 117t8.2
time framework for, 103–104
East Asia, value chains in, 235
Eastern Europe
commodity characteristics in, 234
contract farming in, 4n6–5
external input costs in, 260
liberalization in, 235
overview, 9, 192, 235
liberalization process, 239–240
performance, analysis of, 249–250
pre-liberalization economy, 237–239
market power in, 206
production structure in, 150, 159–160
small farms in, 142–143
value chains in, 235
vertical coordination in, 162–163
Economic reform. See Liberalization
Effect of standards through value chains, 2–3, 6
Efficiency and equity effects
on contracting costs (See Contracting costs)
with different implementation costs for different producers, 29–30
consumer surplus, impact on, 30
producer surplus, impact on, 30–32
with implementation costs, 26–27
consumer surplus, impact on, 27
producer surplus, impact on, 27–28
social welfare, impact on, 28–29
model, 20–22
with no implementation costs, 22
consumer surplus, impact on, 23–25
producer surplus, impact on, 25–26
social welfare, impact on, 26
of standards, 7, 19–20, 32–33
vertical coordination, efficiency and equity effects of development on (See Vertical coordination)
Efficiency discounts
price transmission and, 218n7
vertical coordination and, 163–164, 174
Index

314

Efficiency premiums
contracting costs and, 264, 267–268
price transmission and, 218n7
vertical coordination and, 163–164,
170–172, 191
Elasticity of substitution, general equilibrium
effects and, 282
Empirical examples, 6
Environmental standards. See Social and
environmental standards
Equity effects. See Efficiency and
equity effects
Eswaran, M., 204
Ethiopia, staple food crops in, 221–222
European Union
aflatoxins in, 50
General Food Law (2002), 97
GM food in
exclusion of, 74
opposition to, 57
public perception of, 44–45
regulation of, 97
retailers and, 79
price transmission in, 208n3–209
SPS Agreement notifications, 2
Task Force Food, 208n3–209
Exclusion of producers in value chains. See
Inclusion or exclusion of producers in
value chains
Export-led growth, general equilibrium
effects and
overview, 282
simulations, 276
Ex post sharing rule, 264–265
External input costs
classification of, 257–258, 259–260, 267
in Eastern Europe, 260
implications of, 267
Externalities
integration with risk (See Integration of risk
and externalities)
modeling of standards and, 11–12, 16
Fafchamps, M., 163n2, 248n14
Farrell, J., 99n2
Farris, P.W., 198
Feasibility
contracting costs, effect of, 263–264,
265–266, 268
liberalization and, 248n15
vertical coordination and
overview, 191
buyer holdup, self-enforcing contracts
with, 175–176
supplier holdup, self-enforcing contracts
with, 172–173
two-sided holdup, self-enforcing
contracts with, 176–180
Fischer, R., 4n4, 16–17, 18, 50, 57n6–58
Food and Agriculture Organization (UN),
68n2, 208n2
Food industry
dynamic model of standards and, 97
GM food (See Genetically modified
(GM) food)
market concentration in, 195, 196, 196n3
non-traditional export crops
comparative perspective, 223–224
implications for value chain governance,
233–234
organic food, 68
private standards in, 77n1, 78–79
SPS Agreement (See Sanitary and
Phyto-Sanitary (SPS) Agreement)
staple food crops
comparative perspective, 221–222
implications for value chain governance,
230–232
traceability standards in, 91n14
traditional export crops
comparative perspective, 222–223
implications for value chain governance,
232–233
in United Kingdom, 198
in United States, 195, 198
Foot and mouth disease, 97n1
France, “mad cow” disease and, 71
Fulponi, L., 63n11, 78–79, 78n4
Fulton, M., 12n1, 13, 16–17, 50
Gabszewicz, J.J., 145n2
Galbraith, J.K., 196n2
GATT (General Agreement on Tariffs and
Trade), 62–63
Gawande, K., 51n5
General Agreement on Tariffs and Trade
(GATT), 62–63
General equilibrium effects
overview, 10, 269–271, 281–282
in China
overview, 270–271
domestic demand growth
scenario, 279–280
empirical application of model, 275

© in this web service Cambridge University Press
www.cambridge.org
export-led growth scenario, 276–279
simulations, 276
consumers and
overview, 281
model, 272
in developing countries, 281
domestic demand growth simulation, 279–280
elasticity of substitution and, 282
export-led growth and
overview, 282
simulations, 276
investment costs and, 282
model
overview, 270, 271
assumptions in, 274
consumers and, 272
credit constraints and, 274
empirical application of, 275
extensions to, 271–272
farms and, 274
final goods and, 272
fixed investment costs and, 274
income and, 271
intermediate goods and, 272
labor market and, 274
parameters of, 275
profits and, 274
sensitivity analyses, 271, 280–281
simulations
overview, 271, 275–276
domestic demand growth scenario, 279–280
export-led growth scenario, 276–279
spillover effects and, 282
Stone-Geary utility function and, 272n3
technology and, 278
General Food Law (EU), 97
Genetically modified (GM) food
developing countries, public
perception in, 43, 44–45
dynamic model of standards and, 100, 102n8
in European Union
exclusion of, 74
opposition to, 57
public perception of, 44–45
regulation of, 97
retailers and, 79
Japan, public perception in, 44–45
modeling of standards and, 17
perceptions of standards, impact on
development, 44–45, 73–74
private standards regarding, 79
production costs and, 57
“pro-standard coalitions” in developed
countries and, 43
protectionism, standards as, 50–51
social welfare and, 58n8
trade conflicts regarding, 66
in United States
comparative advantage regarding, 57
public perception of, 44–45
Geographical indications
overview, 8, 122, 122n1
champagne and, 123n2
historical background, 123n2
perceptions of, 125n4
political equilibrium and, 130
priority of entry, 125
social optimum and, 129–130
Gereffi, G., 6
Germany, retail concentration in, 198
GFSI (Global Food Safety Initiative), 80n5
Ghana
Cotton Development Board, 237n2–238
staple food crops in, 231–232
traditional export crops in, 223
Ghatak, M., 69, 101
Giannakas, K., 12n1, 13, 16–17, 50
GIs. See Geographical indications
Global Food Safety Initiative (GFSI), 80n5
Globalization, value chains and, 1
Global Partnership for Good Agricultural
Practice (GlobalGAP), 2, 2n2, 76, 80
Glover, D., 168n10
GM food. See Genetically modified (GM) food
Göcke, N., 99n2, 114n16
Golan, E., 91n14
Government
dynamic model of standards and, 103
optimal private standards for, 88–89
Gow, H., 4n6, 192–188, 248n14
Greif, A., 163n2
Grethe, H., 63n11
Grossman, G.M., 34, 37, 46, 51n5, 101n6
Guinness (brewery), 231–232
Gulati, S., 37n4, 276
Hall, L., 197
Handy, C.R., 197
Harmonization, international trade and, 61, 62
Hausman, J., 197
Headey, D., 208n2
Heckelei, T., 6
High standards economy overview, 8, 142–143, 159–161
customer preferences and, 144n1
credit constraints and, 143
development of theory, 143
literature review, 142–143
model overview, 143, 144
capital costs as factor, 143, 148
demand and, 144–145
income as factor, 143, 148
international trade and, 146
market equilibrium and, 146–147
marketing and, 146
processing costs and, 146n4
quality difference as factor, 149
structural factors, 148–149
supply and, 145
trade costs as factor, 149
production structure, impact of, 149–156
overview, 143, 159–160
demand and, 152–153
with heterogeneous suppliers, 150–156
with homogeneous suppliers, 150–156
inclusion in economy, 154–155
income and, 150–156
initial conditions, 150
in rural economies, 150
size of economy, 153–154
supply and, 151–152, 153
scale economies, impact of, 149–150
transaction costs, impact of, 156–159
overview, 143, 160
fixed per supplier, 157–158
fixed per unit of input, 157–158
inclusion in economy, 156–157, 158
size of economy, 156
Hillman, A., 31n5
Hoekman, B., 6
Hollander, A., 11, 13, 16–17
Hopkins, R., 197
HSE. See High standards economy
Huang, J., 48n7, 142
Humphrey, J., 18n2
Hysteresis in dynamic model of standards overview, 99n2
defined, 99n2
microeconomic hysteresis, 114n16

Protectionism and, 99
source of country differences and, 119
temporary difference in consumer preferences, 114–118, 121

Implementation costs
efficiency and equity effects of standards
with different implementation costs for different producers, 29–30
with implementation costs, 26–27
with no implementation costs, 22
when private standards exceed public standards, 91

Inclusion or exclusion of producers in value chains
overview, 8, 139–140
geographical indications
overview, 122n1
champagne and, 123n2
historical background, 123n2
perceptions of, 125n4
political equilibrium and, 130
priority of entry, 125
social optimum and, 129–130
implementation of standards and, 122–123
medieval guild systems, 122
model
assumptions regarding, 123
change in population of insiders, impact of, 126–127
consumers and, 126
producers and, 124–126
occupational licenses, 8, 122–123
political equilibrium and
overview, 124, 130–131, 140
aggregate producer welfare, maximization of, 131–133
determination of, 135–138
geographical indications and, 130
insider welfare, maximization of, 133–134
lobbying, impact of, 130–131, 131n10, 135–139
outsider welfare, maximization of, 135
rent-seeking through quality effect and, 133, 139, 140
rent-seeking through quantity effect and, 132–133, 139, 140
social optimum compared, 123, 124, 138–139, 140
political process of, 123
priority of entry, 124–125
Index

professional associations and, 124–125
side payments, impact of, 134n11, 140–141
social optimum and, 127–130
overview, 123–124, 140
geographical indications and, 129–130
political equilibrium compared, 123, 124, 138–139, 140

Overview

Income

high standards economy and
Africa, effect in, 148
model, 143, 148
production structure, impact of, 150–156
as institutional characteristic of pre-liberalization economies, 239
vertical coordination, impact on efficiency and equity effects of development, 186n19

India

market power in, 206
price transmission in, 208n2
production structure in, 159–160
staple food crops in, 231, 232

Indonesia

liberalization in, 235

Inefficient separation, vertical coordination and, 163, 172–173

Inequality

standards as promoting, 3, 3n3, 4–5, 4n6

Information

impact on development, 35, 44–45

Innovation

market concentration and, 195
input diversion, contracting costs and, 261–263, 261n3

Inputs

liberalization and, 237n2–238

Insiders

See Inclusion or exclusion of producers in value chains

Integration of risk and externalities

overview, 7
classification of standards for purposes of, 67–68

consumer surplus and, 68–70
expected utility of consumption and, 68–69
model, 68–70
political equilibrium and, 70–73

protectionism and, 73–74
social welfare and, 70
"warm glow effect" and, 69–70
interlinked contracting as institutional characteristic of pre-liberalization economies, 237
vertical coordination and, 162–163, 162n1

International trade

overview, 2, 7, 49–52, 65
as barriers to trade, 52, 55
as catalysts for trade, 52, 55
high standards economy and, 146
international agreements, implications for, 60–62
overview, 52
"deep" agreements, 61, 61n9
harmonization and, 61, 62
mutual recognition principle and, 61–62
national treatment principle and, 61
"shallow" agreements, 61, 61n9
in large economies, 57
lobbying and, 56–57
political equilibrium, 52, 56–57
production costs and, 56–57
protectionism, standards as, 49–52, 58–60
in small open economies
overview, 52–53
consumer surplus, impact of standards on, 54
prices, impact of standards on, 53–54
producer surplus, impact of standards on, 54
SPS Agreement and, 52, 63–65
TBT Agreement and, 52, 63–65
transaction costs and, 57
investment costs, general equilibrium effects and, 282

Jacob, H.G., 208n2
Japan, public perception of GM food in, 44–45
Jayne, T.S., 222n2, 230n8
Jeaneret, M., 13
Jos International Breweries, 231
Josling, T., 63

Kancs, D., 272
Karni, E., 72–73
Kaufman, P.R., 197
Kazakhstan

market power in, 206

Kenya

contract farming in, 5n8

large farms in, 3n3
non-traditional export crops in, 234n10
price transmission in, 208n2
retail concentration in, 197
staple food crops in, 222, 222n2
Tea Development Cooperation, 237n2–238
Index

Kherallah, M., 237n1, 240n8
Kilkenny, M., 272
Kirchhoff, S., 77–78
Kotwal, A., 204
Kremer, P., 51n5
Krugman, P.R., 99n2
Kusterer, K., 168n10
Kyrgyzstan, market power in, 206

Labeling policies, dynamic model of standards and, 120
Lamm, R.M., 197
Lamy, P., 66
Langinier, C., 125
Lapan, H.E., 12n1, 13, 16–17, 58n8
Larsen, M.N., 206

Latin America
food exports from, 4
production structure in, 150, 159–160
value chains in, 235
Lawrence, R.Z., 61n9
Leibtag, E., 197
Leland, H.E., 11, 13, 16, 17, 51

Liberalization
overview, 9, 192, 235–237, 255
in Africa
overview, 9, 235
liberalization process, 240
non-traditional export crops and, 252–255
performance, analysis of, 252
pre-liberalization economy, 239–241
stable food crops and, 252–255
traditional export crops and, 252–255
variations in performance, 237, 252–255
in China, 235
overview, 9, 235
liberalization process, 240, 240n7
performance, analysis of, 250–251
pre-liberalization economy, 237–239
in Eastern Europe, 235
overview, 9, 192, 235
liberalization process, 239–240
performance, analysis of, 249–250
pre-liberalization economy, 237–239
historical background, 235–237
institutional characteristics
overview, 236

credit and inputs, 237n2–238
income, 239
interlinked contracting, 237
liberalization process, 239–241
market liberalization, 240–241
monopoly, 237
pre-liberalization economy, 237–239
price liberalization, 240
price setting, 238
market liberalization (See Market liberalization)
model
overview, 236–237, 241–244
aggregate output, 244–246
feasibility and, 248n15
implications of, 248–249
market liberalization, 246–248 (See also Market liberalization)
perfect information assumption, 248
price liberalization, 246
performance, analysis of
overview, 237, 249
in Africa, 252
in China, 250–251
in Eastern Europe, 249–250
privatization compared, 241n11

Lidl (retail store), 198
Like products principle, 62–63
Lloyd, T., 198

Lobbying
by consumers
overview, 37n4
politically unorganized consumers, 96
government optimal standard and, 88–89, 90–91
inclusion or exclusion of producers in value chains, impact on political equilibrium, 130–131, 131n10, 135–139
international trade and, 56–57
political economy model of standards and comparative statics, 39–41
over-standardization versus under-standardization, 41–42
political equilibrium, 37–39
truthfulness of contribution schedules, proof of, 37n5, 46
protectionism and, 74
where private standards exceed public standards, 90–91
Lusk, J.L., 71
Lutz, S., 86n8
Macours, K., 237
Madagascar
contract farming in, 4n6–5, 5n8
monitoring costs in, 258
retail concentration in, 197
small farms in, 149n5–150
“Mad cow” disease, 71, 97n1
Maertens, M., 5n8, 143, 161n12, 237n1
Magee, S., 51n5
Malawi
ADMARC, 237n2–238
staple food crops in, 222, 222n2
Mali
CMDT, 237n2–238
staple food crops in, 222n2
Marcoul, P., 188n22
Marette, S., 4n4, 16–17, 51
Marginal cost, dynamic model of
standards and overview, 120
constant and different consumer preferences, 110, 111–112
constant and identical consumer preferences, 106
Marion, B.W., 197
Market concentration, effect on market power overview, 8–9, 193, 194, 207
Cournot competition and, 194–195
in food industry, 195, 196, 196n3
innovation and, 195
literature review overview, 194
consumer welfare and, 196–198
supplier welfare and, 198–199
theory, 194–196
in monopoly, 194–195, 196
Pareto inefficiency and, 194–195
private standards and, 193–194
scale economies and, 195
transaction costs and, 195
value chain architecture and, 195–196
Market equilibrium, high standards economy and, 146
Marketing, high standards economy and, 146
Market liberalization
company management and, 247
contract enforcement and, 246–248
as institutional characteristic of liberalization, 240–241
in model of liberalization, 246–248
opportunity cost of labor and, 247
output price and, 247
reputation cost and, 247
side selling and, 247
Market power overview, 8–9, 192, 193–194, 207
in Africa, 207
buyer competition, effect of overview, 8–9, 194, 201, 207
commodity characteristics, impact on value chain governance, 228–229
Cournot-Nash equilibrium and, 201
with perfect contract enforcement, 202–203
with supplier holdup, 203–205
with two-sided holdup, 205–206
contracting costs, effect of, 264–265
in Eastern Europe, 206
empirical evidence, 194, 206–207
market concentration, effect of (See Market concentration, effect on market power)
price transmission and, 209
rent distribution and overview, 194, 200, 207
with perfect contract enforcement, 200
with two-sided holdup, 200–201
Marx, A., 6
Mason, N., 229
Mattoo, A., 62
Maxwell, J.W., 13, 16, 79–80
McCluskey, J.I., 11, 121n1, 13, 16–17, 45, 79–80, 86n8
McCorriston, S., 210n4
McDonald’s (restaurant chain), 78n4–79
Media, impact on development, 35, 44–45
Medieval guild systems, 122
Mérel, P., 95n17
Messinger, P.R., 198
Mexico, food exports from, 50
Michelson, H., 199
Microeconomic hysteresis, 114n16
Minot, N., 208n2
Minten, B., 4n6–5, 149n5–150, 180, 197, 206, 258
Models
Computable General Equilibrium (CGE) model (See General equilibrium effects) contracting costs overview, 257, 260–261
Index

Models (cont.)
with imperfect contract enforcement, 261–263
with perfect contract enforcement, 261
dynamic model of standards (See Dynamic model of standards)
general equilibrium effects (See General equilibrium effects)
high standards economy (See High standards economy)
inclusion or exclusion of producers in value chains
assumptions regarding, 123
change in population of insiders, impact of, 126–127
consumers and, 126
producers and, 124–126
integration of risk and externalities, 68–70
liberalization
overview, 236–237, 241–244
aggregate output, 244–246
feasibility and, 248n15
implications of, 248–249
market liberalization, 246–248 (See also Market liberalization)
perfect information assumption, 248
price liberalization, 246
political economy model of standards (See Political economy model of standards)
price transmission
overview, 210–211
with buyer holdup, 216–218
with perfect contract enforcement, 211–213
perfect information assumption, 218n7
with supplier holdup, 213–216
with two-sided holdup, 218
private standards
overview, 18, 18n2, 77, 81
consumers and, 81
market equilibrium, 82–83
producers and, 81–82
retailers and, 82
safety standards, 68–70
social and environmental standards, 68–70
standards generally
overview, 7, 11–13
asymmetric information and, 12–16, 12n1
compliance costs and, 16–17
continuous versus noncontinuous standards, 17
externalities and, 11–12, 16
GM food and, 17
table, 142.1–13
vertical coordination
overview, 163, 164
development of, 164–165
with imperfect contract enforcement, 166–169
with perfect and costless contract enforcement, 165–166
perfect information assumption, 166n6–167
reputation cost in, 167, 167n8
side selling and, 166–169
Monitoring costs
classification of, 257–258, 259, 260, 267
implications of, 266–267, 268
in Madagascar, 258
Monopoly
as institutional characteristic of pre-liberalization economies, 237
market concentration in, 194–195, 196
private standards in, 76–77, 89n12, 95
Monsanto (seed company), 193
Morris, J., 69
Moschini, G., 12n1, 13, 16–17, 58n8, 125, 135n12
Most-favored nation principle, 62–63
Motta, M., 13, 16–17
Mozambique
price transmission in, 208n2
staple food crops in, 222n2, 230n8, 231
Mussa, M., 13, 102
Mutual recognition principle, international trade and, 61–62
“Myopic planning horizon,” 103
Narasimhan, C., 198
Nash bargaining, vertical coordination and, 165–166
National treatment principle
international trade and, 61
WTO and, 62–63
Negash, M., 4n6
Nelson, P., 72–73
Nestlé (supplier), 196, 196n3, 233
Neven, D., 197
Newmark, C.M., 197
Ngeleza, G.K., 196
Nigeria
liberalization process in, 240n9
staple food crops in, 231

<table>
<thead>
<tr>
<th>Index</th>
<th>321</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noev, N., 4n6</td>
<td></td>
</tr>
<tr>
<td>Non-tariff barriers (NTBs), 49</td>
<td></td>
</tr>
<tr>
<td>Non-traditional export crops</td>
<td></td>
</tr>
<tr>
<td>comparative perspective, 223–224</td>
<td></td>
</tr>
<tr>
<td>implications for value chain governance, 233–234</td>
<td></td>
</tr>
<tr>
<td>North, D.C., 163n2</td>
<td></td>
</tr>
<tr>
<td>NTBs (Non-tariff barriers), 49</td>
<td></td>
</tr>
<tr>
<td>Occupational licenses, 8, 122–123</td>
<td></td>
</tr>
<tr>
<td>Office Internationale des Epizooties, 64</td>
<td></td>
</tr>
<tr>
<td>Oligopoly, private standards in, 95–96</td>
<td></td>
</tr>
<tr>
<td>Olper, A., 79</td>
<td></td>
</tr>
<tr>
<td>Olson, M., 34n1</td>
<td></td>
</tr>
<tr>
<td>Organic food, 68</td>
<td></td>
</tr>
<tr>
<td>Otsuki, T., 50, 50n3</td>
<td></td>
</tr>
<tr>
<td>Outsiders. See Inclusion or exclusion of producers in value chains</td>
<td></td>
</tr>
<tr>
<td>Over-standardization in political economy model of standards, 35, 41–42</td>
<td></td>
</tr>
<tr>
<td>protectionism and, 51</td>
<td></td>
</tr>
<tr>
<td>Pagoulatos, E., 198</td>
<td></td>
</tr>
<tr>
<td>Pakistan, market power in, 206</td>
<td></td>
</tr>
<tr>
<td>Pareto improvement, vertical coordination and, 166</td>
<td></td>
</tr>
<tr>
<td>Pareto inefficiency, market concentration and, 194–195</td>
<td></td>
</tr>
<tr>
<td>Patterson, P.M., 197n4, 198</td>
<td></td>
</tr>
<tr>
<td>Pennings, J.M.E., 69, 72n4</td>
<td></td>
</tr>
<tr>
<td>Perfect foresight assumption, 103n10–104</td>
<td></td>
</tr>
<tr>
<td>Persson, T., 34n1</td>
<td></td>
</tr>
<tr>
<td>Peter, J.P.</td>
<td></td>
</tr>
<tr>
<td>Philip Morris (supplier), 196</td>
<td></td>
</tr>
<tr>
<td>Platteau, J.-P., 163n2</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td>contract farming in, 4n6</td>
<td></td>
</tr>
<tr>
<td>production structure in, 150</td>
<td></td>
</tr>
<tr>
<td>Policy persistence in dynamic model of standards, 98–99, 110, 113, 118–119, 121</td>
<td></td>
</tr>
<tr>
<td>Political economy model of standards overview, 6, 7, 34–35, 45–46</td>
<td></td>
</tr>
<tr>
<td>“anti-standard coalitions” in developing countries, 35, 42–44</td>
<td></td>
</tr>
<tr>
<td>comparative statics, 35, 39–41, 48</td>
<td></td>
</tr>
<tr>
<td>Cournot-Nash equilibrium and, 46</td>
<td></td>
</tr>
<tr>
<td>economic structure and, 35–37</td>
<td></td>
</tr>
<tr>
<td>first order condition, proof of, 38n6, 47</td>
<td></td>
</tr>
<tr>
<td>information, impact on development, 35, 44–45</td>
<td></td>
</tr>
<tr>
<td>international trade and, 52, 56–57</td>
<td></td>
</tr>
<tr>
<td>media, impact on development, 35, 44–45</td>
<td></td>
</tr>
<tr>
<td>over-standardization in, 35, 41–42</td>
<td></td>
</tr>
<tr>
<td>perception of standards, impact on development, 35, 44–45</td>
<td></td>
</tr>
<tr>
<td>political equilibrium in, 35, 37–39</td>
<td></td>
</tr>
<tr>
<td>political structure and, 35, 37–39</td>
<td></td>
</tr>
<tr>
<td>producers, inclusion in or exclusion from (See Inclusion or exclusion of producers in value chains) “pro-standard coalitions” in developed countries, 35, 42–44</td>
<td></td>
</tr>
<tr>
<td>public regulations and, 34n1, 51n5</td>
<td></td>
</tr>
<tr>
<td>social optimum in, 35–37</td>
<td></td>
</tr>
<tr>
<td>truthfulness of contribution schedules, proof of, 37–38, 37n5, 46</td>
<td></td>
</tr>
<tr>
<td>under-standardization in, 35, 41–42</td>
<td></td>
</tr>
<tr>
<td>Political equilibrium consumer surplus and, 37–39</td>
<td></td>
</tr>
<tr>
<td>in dynamic model of standards constant and different consumer preferences, 107–113</td>
<td></td>
</tr>
<tr>
<td>constant and identical consumer preferences, 105–107</td>
<td></td>
</tr>
<tr>
<td>temporary differences in consumer preferences, 114–118</td>
<td></td>
</tr>
<tr>
<td>geographical indications and, 130</td>
<td></td>
</tr>
<tr>
<td>inclusion or exclusion of producers in value chains and (See Inclusion or exclusion of producers in value chains) integration of risk and externalities and, 70–73</td>
<td></td>
</tr>
<tr>
<td>international trade and, 52, 56–57</td>
<td></td>
</tr>
<tr>
<td>in political economy model of standards, 35, 37–39</td>
<td></td>
</tr>
<tr>
<td>quality standards and, 71, 72–73</td>
<td></td>
</tr>
<tr>
<td>safety standards and, 70–72</td>
<td></td>
</tr>
<tr>
<td>social and environmental standards and, 71, 72</td>
<td></td>
</tr>
<tr>
<td>Poulton, C., 207, 221, 231</td>
<td></td>
</tr>
<tr>
<td>Precautionary principle, 97–98</td>
<td></td>
</tr>
<tr>
<td>Price liberalization, 240, 246</td>
<td></td>
</tr>
<tr>
<td>Price setting as institutional characteristic of pre-liberalization economies, 238</td>
<td></td>
</tr>
<tr>
<td>Price transmission overview, 9, 192, 208–210, 219</td>
<td></td>
</tr>
<tr>
<td>in Africa, 208n2</td>
<td></td>
</tr>
<tr>
<td>consumer price shocks, effect of, 219</td>
<td></td>
</tr>
<tr>
<td>in developing countries, 208</td>
<td></td>
</tr>
<tr>
<td>efficiency discounts, 218n7</td>
<td></td>
</tr>
<tr>
<td>efficiency premiums, 218n7</td>
<td></td>
</tr>
<tr>
<td>empirical evidence, 208n2, 210n4</td>
<td></td>
</tr>
</tbody>
</table>
Index

Price transmission (cont.)
in European Union, 208n3–209
in India, 208n2
in Kenya, 208n2
market power and, 209
model
overview, 210–211
with buyer holdup, 216–218
with perfect contract enforcement, 211–213
perfect information assumption, 218n7
with two-sided holdup, 218
in Mozambique, 208n2
spatial price transmission, 209
supplier welfare, effect on, 219
theory, 210n4
upstream vertical price transmission, 209–210
vertical coordination and, 210
vertical price transmission, 209
Private standards
overview, 7–8, 76–77, 95–96
animal welfare, regarding, 78–79, 78n4
in food industry, 77n1, 78–79
GM food, regarding, 79
literature review, 76, 77–80
market concentration and, 193–194
market equilibrium
impact of standards on, 77, 83–85
model, 82–83
model
overview, 18, 18n2, 77, 81
consumers and, 81
market equilibrium, 82–83
producers and, 81–82
retailers and, 82
in monopoly, 76–77, 89n12, 95
in oligopoly, 95–96
optimal standards
overview, 77, 86
comparison between retailer and
government optimal standards, 89–91
for government, 88–89
for retailers, 86–90, 86n9
with politically unorganized consumers, 96
public standards, exceeding
overview, 78–80, 95
efficiency gain and, 91
implementation costs and, 91
lobbying and, 90–91
marginal change in revenue and, 90
side payments, impact of, 93–94
purposes of
asymmetric information, reducing, 77–78
bargaining power, increasing, 78
market differentiation, creating, 78, 78n3, 80
preemption of political action, 79–80
uncertainty, reducing, 77–78
side payments, impact of, 91–95
overview, 77, 95
implementation of, 92n15
with marginally decreasing profits, 94
with marginally increasing profits, 94
where private standards exceed public
standards, 93–94
social welfare, impact on, 85
Privatization, liberalization compared, 241n11
Processing costs, 146n4
Producers
dynamic model of standards and
overview, 101–102
extensions to model based on subgroups
of producers, 119–120
efficiency and equity effects of standards,
impact on producer surplus
with different implementation costs for
different producers, 30–32
with implementation costs, 27–28
with no implementation costs, 25–26
inclusion or exclusion in value chains
(See Inclusion or exclusion of
producers in value chains)
lobbying by, 37n4
modeling of private standards and, 81–82
value chains, inclusion in or exclusion
from (See Inclusion or exclusion of
producers in value chains)
Producer surplus
impact of standards on in small open
economy, 54
inclusion or exclusion of producers in value
chains and, 126–127
side payments and, 91–95
Production costs, international trade
and, 56–57
Production structure, impact on high
standards economy. See High standards
economy
Professional associations, 124–125
“Protection for sale” framework, 34
Protectionism
integration of risk and externalities
and, 73–74
lobbying and, 74
safety standards and, 74
standards and
overview, 4n4, 74
GM food and, 50–51
international trade and, 49–52, 58–60
over-standardization as, 51
as protectionism, 3–4
under-standardization as, 51
Puffert, D., 99n2
Qaim, M., 5n8, 197
Quality standards
classification of, 67
political equilibrium and, 71, 72–73
safety standards compared, 74–75
social and environmental standards compared, 74–75
Rao, E., 5n8
Raussler, G., 34n1
Reardon, T., 142, 143, 197
Rent distribution
contracting costs, effect of, 264–265
in developing countries, 5
empirical studies, 5
market power and
overview, 194, 200, 207
with perfect contract enforcement, 200
with two-sided holdup, 200–201
vertical coordination and
overview, 163n3
buyer holdup, self-enforcing contracts with, 174
two-sided holdup, self-enforcing contracts with, 176–179
Retail concentration
consumer welfare and, 196–198
supplier welfare and, 198–199
Retailers, private standards and
model, 82
optimal standards, 86–90, 86n9
Retailer surplus, side payments and, 91–95
Richards, T.I., 197n4, 198
Rigolini, J., 163n2
Rise of standards, 1–3
Risk, integration with externalities. See
Integration of risk and externalities
Rizotto, A.C., 231
Robinson, E.I.Z., 196
Robinson, J., 34n1
Rodrik, D., 51n5
Roe, B., 12n1, 13, 16, 17
Ronnen, U., 11, 13, 16, 17, 51
Rosen, S., 13, 102
Rosenzweig, M.R., 229, 231
Routsi, J., 234n10
Roy, D., 37n4
Rozelle, S., 48n7, 237, 237n1, 240n6, 240n7, 248n14
Russia, liberalization in, 235
Ryan, M.J., 69
SABMiller (brewery), 231
Sadoul, E., 271
Safety standards
classification of, 67
model, 68–70
political equilibrium and, 70–72
protectionism and, 74
quality standards compared, 74–75
social and environmental standards compared, 74–75
Saha, A., 101
Saloner, G., 99n2
Salop, S.C., 29n6
Sanitary and Phyto-Sanitary (SPS) Agreement
overview, 7, 62n10
international trade and, 52, 63–65
notifications under, 2, 49–50
Scale economies
in agriculture, 149n5–150
high standards economy, impact on, 149–150
market concentration and, 195
Scheflmann, D.T., 29n6
Shipman, C., 197
Schleicht, T., 49n1
Search costs. See Switching costs
Secretariat of the International Plant Protection Convention, 64
Senegal, staple food crops in, 231
Sensitivity analyses of general equilibrium effects, 271, 280–281
Serra, P., 4n4, 16–17, 18, 50, 57n6–58
Setting of standards
overview, 6
political economy approach, 6
Index

Sexton, R.J., 95n17, 197n4, 198, 199, 256, 257n1, 258, 268
"Sham" principle, 63, 63n11
Sheldon, I., 12n1, 13, 16, 17, 210n4
Shepsle, K.A., 34n1
Shoven, J., 271
Side payments
inclusion or exclusion of producers in value chains, impact of, 134n11, 140–141
private standards, impact on, 91–95 overview, 77, 95
implementation of, 92n15
with marginally decreasing profits, 94
with marginally increasing profits, 94
where private standards exceed public standards, 93–94
producer surplus and, 91–95
Side selling
contracting costs and, 261–263, 261n3
market liberalization and, 247
Side selling, vertical coordination and, 166–169
Smith, L., 206
Smith, P., 98
Social and environmental standards
classification of, 67–68
model, 68–70
political equilibrium and, 71, 72
quality standards compared, 74–75
safety standards compared, 74–75
Social optimum
consumer surplus and, 35–37
geographical indications and, 129–130
inclusion or exclusion of producers in value chains and, 127–130
overview, 123–124, 140
geographical indications and, 129–130
political equilibrium compared, 123, 124, 138–139, 140
in political economy model of standards, 35–37
Social welfare
Cournot competition, effect of standards and, 51
efficiency and equity effects of standards, impact of
with implementation costs, 28–29
with no implementation costs, 26
GM food and, 58n8
private standards, impact of, 85
standards, effect of, 51
South Africa
retail concentration in, 197
staple food crops in, 230n8
South Asia, value chains in, 235
Soviet Union (former).
commodity characteristics in, 234
liberalization in, 192, 235
production structure in, 150, 159–160
Spence, M., 13, 101, 102, 129n7
Spillover effects, general equilibrium effects and, 282
SPS Agreement. See Sanitary and Phyto-Sanitary (SPS) Agreement
Squicciarini, P., 208n1
Sri Lanka, liberalization in, 235
Standards
classification of (See Classification of standards)
debate regarding, 3–5
dynamic model (See Dynamic model of standards)
efficiency and equity effects (See Efficiency and equity effects)
general equilibrium effects (See General equilibrium effects)
high standards economy (See High standards economy)
inequality, as promoting, 3, 3n3, 4–5, 4n6
integration of risk and externalities (See Integration of risk and externalities)
international trade and (See International trade)
models (See Models)
perception of, impact on development overview, 35
GM food and, 44–45, 73–74
political economy model (See Political economy model of standards)
private standards (See Private standards)
protectionism and overview, 4n4, 74
GM food and, 50–51
international trade and, 49–52, 58–60
over-standardization as, 51
as protectionism, 3–4
under-standardization as, 51
quality standards
classification of, 67
political equilibrium and, 71, 72–73
safety standards compared, 74–75
social and environmental standards compared, 74–75
Index

rise of, 1–3
safety standards
classification of, 67
model, 68–70
political equilibrium and, 70–72
protectionism and, 74
quality standards compared, 74–75
social and environmental standards
classification of, 67–68
model, 68–70
political equilibrium and, 71, 72
quality standards compared, 74–75
safety standards compared, 74–75
social welfare, effect on, 51
Standards Code (WTO), 63–64
Staple food crops
comparative perspective, 221–222
implications for value chain governance,
230–232
Stephenson, S.M., 62n10
Stifel, C., 271
Stigler, G.J., 34n1
Stockbridge, M., 206
Stone-Geary utility function, 272n3
Sturm, D.M., 16–17, 18
Sub-Saharan Africa. See Africa
Sunk costs, 257n1
Supermarkets, 142–143, 196–198
Supplier-specific costs, 259n2
Supply in high standards economy
model, 145
production structure, impact of,
151–152, 153
Surplus
consumer surplus (See Consumer
surplus)
contract surplus (See Contract surplus)
producer surplus
impact of standards on in small open
economy, 54
inclusion or exclusion of producers in
value chains and, 126–127
side payments and, 91–95
Suwa-Eisenmann, A., 49n1
Swine fever, 97n1
Swinnen, J., 4n6, 5n8, 6, 13, 16–17, 51n5, 68,
142–143, 161n12, 208n1, 237, 237n1,
240n6, 248n14
Switching costs
classification of, 257–258, 259, 260, 267
dynamic model of standards and
overview, 120, 121
constant and different consumer
preferences, 109–110, 111–112
constant and identical consumer
preferences, 106
implications of, 267
Sykes, A.O., 18, 49n1, 62n10
Tabellini, G., 34n1
Tadelis, S., 181
Tajikistan, market power in, 206
Takanori, S., 272
Tanzania
liberalization process in, 240n9
staple food crops in, 232n9
Traditional export crops
implications for value chain governance,
232–233
Tariffs, 49
Technical Barriers to Trade (TBT) Agreement
overview, 7, 62n10, 63n12–64
Code of Good Practice, 63–65
international trade and, 52, 63–65
notifications under, 2
Technology
dynamic model of standards, technology
regulation and, 100–101
general equilibrium effects and, 282
Teichmann, I., 78, 96n18
Thailand
retail concentration in, 197
staple food crops in, 232
Thalidomide scandal, 97–98
Theoretical models, 6
Thilmany, D.D., 18, 49n1
Thisse, J.-F., 145n2
Thorbecke, E., 271
Tian, H., 16–17, 51
Tirolo, J., 13, 102, 144, 145n2
Tokyo Round (1979), 63
Traceability standards in food industry, 91n14
Traditional export crops
comparative perspective, 222–223
implications for value chain governance,
232–233
Training costs
classification of, 257–259, 260, 267
implications of, 267, 268
Transaction costs
contracting costs (See Contracting costs)
high standards economy, impact on,
156–159
overview, 143, 160

Cambridge University Press
978-1-107-02591-2 - Quality Standards, Value Chains, and International Development: Economic and Political Theory
Johan Swinnen, Koen Deconinck, Thijs Vandemoortele and Anneleen Vandeplas
Index

© in this web service Cambridge University Press
www.cambridge.org
fixed per supplier, 157–158
fixed per unit of input, 157–158
inclusion in economy, 156–157, 158
size of economy, 156
international trade and, 57
market concentration and, 195
Traub, L.N., 230n8
Turkmenistan, market power in, 206
Udry, C., 171n13–172
Uganda
liberalization process in, 240n9
staple food crops in, 222n2
traditional export crops in, 223
Under-standardization
in political economy model of standards, 35, 41–42
protectionism and, 51
Unilever (supplier), 196, 196n3
United Egg Producers, 78n4–79
United Kingdom
British Retail Consortium (BRC), 80
Competition Commission, 197, 198
food industry in, 198
“mad cow” disease and, 71
retail concentration in, 196n3, 197, 198
United Nations Food and Agriculture Organization, 68n2, 208n2
United States
Agricultural Marketing Service (USDA), 68n2
Agriculture Department, 68n2, 195
food industry in, 195, 198
GM food
comparative advantage regarding, 57
public perception of, 44–45
precautionary principle in, 97–98
retail concentration in, 197n4, 198
SPS Agreement notifications, 2
Ursprung, H.W., 51n5
Uruguay Round (1994), 63–65
Uzbekistan, market power in, 206
Valletti, T.M., 11, 13, 16, 17, 51
Value, vertical coordination and
buyer holdup, self-enforcing contracts with, 175
supplier holdup, self-enforcing contracts with, 172–173
two-sided holdup, self-enforcing contracts with, 176–177
Value chains
in Africa, 235
in Central Europe, 235
commodity characteristics and
(See Commodity characteristics)
contracting costs and
(See Contracting costs)
debate regarding, 3–5
in Eastern Europe, 235
general equilibrium effects (See General equilibrium effects)
globalization and, 1
high standards economy (See High standards economy)
inclusion or exclusion of producers in
(See Inclusion or exclusion of producers in value chains)
in Latin America, 235
liberalization and (See Liberalization)
market power and (See Market power)
price transmission and (See Price transmission)
producers, inclusion in or exclusion from (See Inclusion or exclusion of producers in value chains)
vertical coordination and (See Vertical coordination)
Vandemoortele, T., 13, 16–17, 68
Vandeplas, A., 207
Van Huylenbroeck, G., 197
van Tongeren, F., 16–17
Verdier, T., 13, 49n1
Verpoorten, M., 208n2
Vertical coordination
overview, 8, 162–164, 191–192
in Africa, 162–163
in Asia, 162–163
buyer holdup, self-enforcing contracts with,
overview, 164
efficiency discounts, 174
feasibility under, 175–176
incentive compatibility constraints, 168n12
rent distribution under, 174
value under, 175
commodity characteristics and, 221
in developing countries, 164–165
in Eastern Europe, 162–163
efficiency and equity effects of development
overview, 164, 185–186, 192
aggregate effect, 189–191
with buyer holdup, 187n20
contract enforcement institutions, improvement of, 186–187
factor market development, 188
income, impact of, 186n19
output market development, 187–188
pure output contracts, 192–188
efficiency discounts, 163–164, 174
efficiency premiums, 163–164, 170–172, 191
FDI spillovers and, 163n3
feasibility and overview, 191
buyer holdup, self-enforcing contracts with, 175–176
supplier holdup, self-enforcing contracts with, 172–173
two-sided holdup, self-enforcing contracts with, 176–180
inefficient separation, 163, 172–173
interlinked contracting and, 162–163, 162n1
local suppliers, effect on, 163
market imperfections and, 162–163
model overview, 163, 164
development of, 164–165
with imperfect contract enforcement, 166–169
with perfect and costless contract enforcement, 165–166
perfect information assumption, 166n6–167
reputation cost in, 167, 167n8
side selling and, 166–169
price transmission and, 210
rent distribution and overview, 163n3
buyer holdup, self-enforcing contracts with, 174
two-sided holdup, self-enforcing contracts with, 176–179
supplier holdup, self-enforcing contracts with overview, 164, 169–170
efficiency premiums, 170–172, 191
feasibility under, 172–173
incentive compatibility constraints, 168n11
value under, 172–173
third-party contract enforcement overview, 164, 180, 191
with supplier holdup, 181–182
with two-sided holdup, 182–185
two-sided holdup, self-enforcing contracts with, 176–180
overview, 164
feasibility under, 176–180
rent distribution under, 176–179
value under, 176–177
value and buyer holdup, self-enforcing contracts with, 175
supplier holdup, self-enforcing contracts with, 172–173
two-sided holdup, self-enforcing contracts with, 176–177
weak contract enforcement and, 163, 163n2
Veyssiere, L., 12n1, 13, 16–17, 188n22
Vietnam liberalization in, 235
production structure in, 150, 159–160
Vigani, M., 79
Vogel, D., 6, 72, 97–98
Von Schlippenbach, V., 78, 96n18
Wal-Mart, 193, 197, 199
Wang, H., 142, 149n5–150, 275n5
War, C., 198n5
“Warm glow effect,” 69–70
Weatherspoon, D., 142
Weingast, B.R., 34n1
Whalley, J., 271
Whinston, M.D., 46
Williamson, O., 220–221
Winfree, J.A., 11, 12n1, 13, 16–17, 79–80, 86n8
Wittman, D.A., 34n1
World Bank, 240n8
World Development Report (2008), 220
World Trade Organization (WTO)
classification of standards and, 68n2
like products principle and, 62–63
most-favored nation principle and, 62–63
national treatment principle and, 62–63
“sham” principle, 63, 63n11
SPS Agreement (See Sanitary and Phyto-Sanitary (SPS) Agreement)
Standards Code, 63–64
tariffs and, 49
TBT Agreement (See Technical Barriers to Trade (TBT) Agreement)
Xiang, T., 270, 275n4
Xiong, B., 50n3
Yang, Y., 18, 49n1
Yeager, M., 198n5
Yeung, R.M.W., 69
328

Index

Yiannaka, A., 12n1, 13, 16–17
Yu, C., 197

Zambia
NAMBOARD, 237n2–238
non-traditional export crops in, 234n10

staple food crops in, 222, 222n2
Zhang, M., 199
Zimbabwe
Grain Marketing Board, 222
large farms in, 3n3
market power in, 206
staple food crops in, 222