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# Agricultural Economics Research

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# Agricultural Economics Research

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# In This Issue

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*An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today*

Laurence J Peter

This tongue-in-check definition of an economist by the originator of the Peter Principle pokes good-natured fun at the imprecision of the economics profession. Denied the luxury of controlled laboratory experiments to develop and verify their theories, economists must rely on their observations of the real world to develop, verify, or refute economic hypotheses proffered to explain the economic forces operating in the real world. And, if the economic forces operating in the real world weren't subject to change, the economics profession wouldn't continually need to anticipate and explain the changes. Therefore, Peter should not be surprised if economists are occasionally found explaining how what had previously seemed a logical prediction was actually well off the mark. Explaining these misses is not the useless exercise of rationalizing with perfect hindsight implied by Peter, but rather part of the continuing development of human, intellectual, and professional capital in a profession whose theories can be no more static than the human capabilities and potentials upon which they are based.

In the lead article, Edwards, Smith, and Peterson introduce formerly unavailable data from the *Census of Agriculture* which suggest a reevaluation of previously held beliefs about the size structure of U.S. farms. After decades of falling farm numbers and farms' growing by absorbing neighboring farms, many observers perceived this pattern was the norm. Structural issues were prominent in public policy debates in the mid- to late seventies. A popular view was that this movement toward fewer and larger farms would continue unchecked, barring public intervention to stem the tide. According to the recently available data used by Edwards, Smith, and Peterson, the size structure of the U.S. farm sector had already stabilized even as this public policy debate raged over future farm structure. The authors use this new evidence of a more stable structure in a Markov analysis to examine implications for future farm size structure if the 1974-78 stability

persists rather than our seeing a return to previous trends.

In the following article, which concerns the effect on public intervention in the market process, Folwell, Mittelhammer, Hoff, and Hennessy examine the effect of the Federal marketing order on hops. They find evidence that the order stabilized acreage production, and nominal prices, but not enough statistical evidence is available to conclude that either real or nominal sales or real prices were more stable in the Federal order period.

Shifting themes from incorporating surprising new data and the effect of public intervention in the market process, Henry and Schluter attempt to develop meaningful summary statistics of the myriad transactions involved in the production, assembly, processing, and distribution of raw food and fiber in the U.S. economy. Summary statistics are the indicators economists use to alert them to changing economic forces. And, changing economic forces can make formerly useful summary statistics obsolete and induce a search for more meaningful replacements.

In the final article, Boxley returns to the issues of farm structure. His topic, farmland ownership and the distribution of land earnings, reminds us there are more actors in farmland utilization decisions than just farm operators, and he reviews some characteristics of tenant-operated farms and farm landlords. From his perspective, Boxley broadens the number of factor owners affected by farm policy choices and illustrates the complications in assessing the impacts of public intervention in the market process.

The science of economics and economic inquiry is not precise. Changing economic and social conditions and direct interventions by governments can alter the economic environment, undermine current analysis, and make predictions risky.

In this issue our profession is ably represented in refuting Peter's image of economists.

Gerald Schluter

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