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In This Issue

We close volume 40 with articles analyzing the effects of forecast errors, estimating transition probabilities of a Markov process, and examining stationarity assumptions in supply response. The analyses represent the continuing effort to critique and improve the quantitative underpinnings of the profession's inquiries.

Kolajo, Martin, and Hanson emphasize the value of information in decisionmaking by comparing the accuracy and costs of alternative forecasting methods. They compare farm growth in three financial situations, using one method that optimizes throughout a planning period, and another method that employs serial decisions incorporating previous-year outcomes. They conclude that the method of forming expectations does matter and, furthermore, that the strategy using the expectations can influence the range of errors.

Kim and Schaible address the problem of time series data in Markov processes and challenge the conclusions of other researchers about the appropriate method for estimating transition probabilities. They conclude that a variation of probability-constrained minimum absolute deviations is the superior method when aggregated time series data are used.

Forecasts of future supplies of agricultural commodities are important contributions of economists to the policymaking process. Such forecasts depend on an understanding of the components of change, particularly between growth and cyclical forces. McClelland and Vroomen are concerned that the common practice of treating time statistically as a proxy for growth factors, such as technology, is based on erroneous assumptions of trend stationarity, that is, on cyclical variation without trend. They illustrate with a "simple diagnostic example."

Kilkenny's review of Arndt and Richardson's book on real financial linkages among open economies is enthusiastically favorable. She contrasts the "two camps" of international economists: trade theorists who interpret relative prices in terms of factor endowments, technology, and tastes; and macroeconomists who examine interest and exchange rates. The book contains an excellent mix.

Lee notes the paucity of useful empirical work in international trade and says that the book on empirical methods for international trade edited by Feenstra helps fill the gap. The book includes chapters on the Heckscher-Ohlin-Vanek trade models, some industry studies, and a section on duality theory and trade flows. One of Kilkenny's two camps, macroeconomic effects, was inadequately represented in the Feenstra book—a serious limitation in Lee's opinion.

A World Bank book on sustainability issues in agricultural development is critically reviewed by Dovring. Although he admires the candor and directness of some of the contributing authors and commends the objective of knowledge exchange on important development issues, he faults the book on several conceptual issues and its lack of "finish."

Danielson examines a USDA publication on the status of, and prospects for, farmland drainage in the United States, edited by Pavelis. He observes that USDA has been criticized for its pro-agriculture stance on drainage in the past. The book documents the shift in policy toward a balance with environmental values.

We have prepared a new bibliography that lists all articles and reviews published in the Journal since its founding in 1949. You should be receiving it soon. The last bibliography was prepared a decade ago. Libby, the Journal's staff assistant, transformed the references into machine-readable form so that searches can be made on keywords and authors. For more information, give us a call—202-786-1425. We hope the bibliography will be a useful research tool for our readers.

As this volume closes, I want to express my deep appreciation to the many anonymous reviewers who contribute so much to the quality of the Journal. The careful, constructive review of research communication clearly represents the best of the professionalism in research. It would be gratifying to reviewers to see the many complimentary responses of authors who have been helped by serious, even sharp, critiques.

Gene Wunderlich