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Articles

Agricultural Ethics and Economics

Farmland Prices and the Real Interest Rate on Farm Loans

Single-Stage and Two-Stage Decision Modeling of the
Recreational Demand for Water

Book Reviews

Agricultural Productivity: Measurement and Explanation

Multiple Use Management: The Economics of Public Forestland

Markets for Federal Water: Subsidies, Property Rights, and the Bureau
of Reclamation

Aid and Development

The Economics of Meat Demand

Multiple Criteria Analysis for Agricultural Decisions

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In This Issue

In the fifth of the Journal's series of essays on agricultural economics as discipline, Paul Thompson assesses the growing interest in agricultural ethics. He sees trends in philosophy, economics, and agriculture converging on policies relating to the environment, food safety, farm structure, taxes, and subsidies. He credits rural sociologists with accommodating ethical issues in analyses and policy evaluation earlier than their colleagues in agricultural economics.

Although agricultural economics has a long history of touching ethical issues in the conduct of its research, it has done little to formally assimilate the ethics branch of philosophy. Ethics might be helpful in addressing choice, fairness, equity, and legitimacy. Value theory, the heart of ethics, provides a useful context for the preference concepts of economics. Fairness may be a better approach to agricultural policy than some of the efficiency-directed analysis. Utility, philosophers remind us, isn't everything. Even a light familiarity with the literature of ethics will provide a better understanding of some of the basic premises of economics. Perhaps Thompson is correct, however, in suggesting that the best way to develop a greater appreciation of another discipline is to share a policy problem.

Neither of the articles in this issue explicitly addresses ethical issues, yet both contain elements that could easily be framed as ethical concerns. If Gertel is right, a policy to contain inflation by raising interest rates could redistribute wealth out of agriculture. Hanson and Hallam explore the values of fishing in relation to water consumption for agriculture, and in another context, might extend their inquiry to the legitimacy of fishing, hunting, and the rights of game.

Gertel, in his article, explores the role of interest rates and inflation on agricultural land prices. Inflation is included as an effect on returns to land and real interest rates. Empirically, he focuses on the Midwest, hoping thus to limit nonagricultural influences on farmland prices. He concludes that the real interest rates did not significantly influence agricultural land prices before 1972 but thereafter real interest rates were related to the runup of land prices in the late 1970's and fall of land prices in the 1980's.

Hanson and Hallam add recreational fishing to the fray that pits agriculture against other uses for water. The purpose of the Hanson/Hallam study is to determine the effect of streamflow changes on the quality of fishing as measured in days fished. They used data from

the National Hunting, Fishing, and Wildlife Associated Recreation survey (Bureau of the Census) in a couple of models. They preferred the simpler model, concluding that there is a significant relationship between downstream benefits from fishing and the level of streamflow. In 17 of the study's 99 areas in the United States, an acre-foot of water will affect the quantity of fishing by more than 1 day. Twelve of these high-impact areas are in Colorado, New Mexico, Utah, and Arizona—States with substantial irrigation.

Books reviewed begin with Conway's critique of *Agricultural Productivity: Measurement and Explanation*, edited by Capalbo and Antle. Conway's review is, in itself, a mini-survey of the state-of-production analysis and measurement. His general assessment, largely complimentary, is that the book provides a good background in production theory and measurement but not necessarily the leading edge in many areas.

Hellerstein reviews the book by Bowes and Krutilla on the economics of multiple use management of public forestland. As Hyde showed in a recent issue of the Journal, many products flow from a forest and trade-offs are the business of economists. According to Hellerstein, the Bowes/Krutilla book is a useful overview of economics applied to forest management—a good balance of analytical techniques and forest issues.

Moore says that Wahl's *Markets for Federal Water* calls for a reduction in central government's role in water allocation, and a greater role for individuals, districts, and States in creating markets for water rights. Wahl calls for a shift away from the Bureau of Reclamation mission of development and toward greater allocative efficiency with markets as an important tool. Moore calls the book an important contribution to the reform of water institutions.

Mathia terms the book by Krueger, Michalopoulos, and Ruttan an important contribution to the literature on foreign aid and development but says that if security and political considerations had been included, the case for bilateral foreign assistance could have been enhanced. Foreign assistance, particularly in the form of agricultural research, is favored.

Purcell provides a mixed review of *The Economics of Meat Demand* edited by Buse. The book, according to Purcell, is a call for re-examination of modeling in the meat industry. Even more troubling, he says, is blind acceptance of modeling efforts by interest groups. The

book is effective in pointing out the need to model demand shifters more correctly

Erickson's review of *Multiple Criteria Analysis for Agricultural Decisions* is more than a review. In placing the Romero and Rehman effort in perspective, she provides an interesting commentary on goals in policy analysis and argues that multilevel approaches, such as those of Candler and others, are needed. Her overall assessment of the Romero/Rehman book is that it is thorough in detail but deficient in organization and readability.

Again, I would encourage you to read carefully the essay on ethics and agricultural economics by

Thompson. We do not encourage our essayists to reference extensively. However, an examination of recent issues of the *Journal of Agricultural Ethics* or *Agriculture and Human Values* is a good place to start. For economists wishing to begin a bit further back, I recommend *The Theory of Moral Sentiments* (1759) where philosopher Adam Smith first introduced the concept of the "invisible hand" a full 17 years before he published "The Wealth of Nations." The moral of this ethical story is that there may be some great ideas in the ethics literature waiting to bloom in agricultural economics.

Gene Wunderlich