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1 Performance of Thin Futures Markets: Rice and Sunflower Seed Futures

17 Economic Impacts of Increased Price Variability: A Case Study with Rice

28 Agriculture in the Twenty-First Century

30 Prospects for Soviet Grain Production

31 Closing the Cereals Gap with Trade and Food Aid



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In This Issue

U S farm production has now reached sufficient volume to require a major dependence on export markets. Future agricultural capability and the U S. role in meeting world food needs have been subject to myriad assessments and reassessments in recent years. One popular scenario calls for both a growing dependence of American agriculture on foreign markets and a growing volatility in the level of these foreign demands for U S farm production. This scenario could lead to even more farm price volatility because when a competitive industry characterized by inelastic aggregate supply is subjected to volatile demands, prices will adjust more than will quantity. The articles and reviews in this issue examine five aspects of this scenario. They include a review of a conference on world food needs, a review of a study of grain production in a nation which is currently a major importer of agricultural commodities and which has the means to continue to import, a review of the efficacy of food aid in those countries which have the need but lack the means for food imports, a study of the performance of futures markets for commodities not heavily traded, and a simulation study of the viability of rice producers faced with increased price variability under alternative tenure arrangements.

In the first article, Gordon studies the extension of futures trading, an economic institution for dealing with price volatility, to thinly traded markets—that is, to commodity markets whose volume of trade places them at the margin of a viable market. Gordon examines the experience of the rough rice and milled rice futures market at the New Orleans Commodity Exchange and the sunflower futures market at the Minneapolis Grain Exchange. He concludes that during the time these markets were operating they re-

tained some of those price and hedging characteristics of more heavily traded markets, but that their tendency to overreact to changes in supply and demand lowered their value to producers as indicators of future market conditions.

Grant, Richardson, Brorsen, and Rister follow with a study of the adjustment of the rice industry to increased price variability. They find that much of the burden of adjustment has fallen on rice producers. Increased price variability has significantly increased marketing margins on rice. The authors simulate the experience of rice farmers under alternative tenure arrangements. Under these conditions of increased marketing margins' lowering farm price and of more variable farm prices, the authors find that the probability that rice producers will remain solvent for a 10-year simulation period is much reduced.

In the Research Review section, Moore reviews *Agriculture in the Twenty-First Century*, the proceedings of a symposium on future world food needs that was generally optimistic about the world and particularly about U.S. ability to meet future food needs.

Cole reviews *Prospects for Soviet Grain Production* and discovers a historical treatment of Soviet agricultural problems rather than an explicit discussion of future Soviet grain production.

Shane reviews *Closing the Cereals Gap with Trade and Food Aid*, which finds an imbalance between those nations needing food aid and those receiving the aid.

Gerald Schluter

Contents

- 1 Performance of Thin Futures Markets:
Rice and Sunflower Seed Futures
Douglas Gordon
- 17 Economic Impacts of Increased Price
Variability: A Case Study with Rice
*W R Grant, J W Richardson,
B. W Brorsen, M. E Rister*
- Research Review**
- 28 Agriculture in the Twenty-First Century
Reviewed by Charles V Moore
- 30 Prospects for Soviet Grain Production
Reviewed by Jim Cole
- 31 Closing the Cereals Gap with
Trade and Food Aid
Reviewed by Mathew Shane