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- | | |
|----|---|
| 1 | An Empirical Analysis of
Alternative Export Subsidy
Programs for U.S. Wheat |
| 19 | Measuring Implicit Rental
Rates for Farm Capital |
| 34 | Beliefs of Farmers and
Adoption of Integrated Pest
Management |
| 45 | Public Policy and the
Reemergence of International
Economic Influences on U.S.
Agriculture |
| 57 | Sources of International
Comparative Advantage:
Theory and Evidence |
| 60 | Made in Washington: Food
Policy and the Political
Expedient |
| 61 | The Handbook of
Econometrics |
| 62 | Farm Equipment Innovations
in Eastern and Central
Southern Africa |

Agricultural Economics Research

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Best Article Award

The ERS Administrator's Award for the Best Article in Agricultural Economics Research for the publication year ending April 1985 went to Douglas Gordon, formerly of the National Economics Division. He was honored at a ceremony on February 12, 1986, for his excellence in creative economic analysis and communication in the article, "Performance of Thin Futures Markets: Rice and Sunflower Seed Futures."

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In This Issue

One of the longer running and still ongoing controversies in economics divides economists into two camps. The first believes in the advantages of the market price system's working in decentralized competitive markets as an instrument for the allocation of resources and the imputation of income. The second is more apt to focus on imperfectly competitive markets and on the flaws in the price system and to see a need for public intervention in the market system. Most observers and participants in the controversy concur that the extreme points—either *laissez-faire* markets or centrally planned and controlled economies—are socially undesirable. Thus, the controversy is really over the proper mix of Government involvement in influencing the market. We have four articles in this issue dealing with different aspects of Government involvement in the agricultural economy.

In the lead article, Salathe and Langley explore alternatives for public intervention in wheat markets. These alternatives include using the executive power of Government to segment domestic and foreign markets and using the spending and taxing power of Government to transfer income to wheat producers, divert land from wheat production, and store grain diverted from the open market. Thus, Salathe and Langley analyze direct Government intervention in income distribution, land use, and supply availability.

The second article, by Hrubovcak, analyzes the effect of Government tax policies on the cost of capital to the farm sector. The type of Government intervention analyzed in this article is a more subtle, yet important, influence on the underlying capital cost structure of agriculture. This influence

can affect both the longrun capacity of the sector and the nature of agricultural production.

The third article, by Musser and others, discusses a third role of Government in agriculture. The researchers note that what they believe is a socially preferable production practice is not used by all producers. They report results of a survey of users, past users, and nonusers of the practice and attempt to identify differences in perception of the practice among the three groups. A valid role of Government might be to use these results to design an educational program addressing gaps in information that contribute to the lower level of use of the practice perceived as socially preferable. An interesting finding of the survey was that perception of profitability of the practice differed among groups. The users thought it was profitable to do so. The nonusers did not—a rather normal response to perceived market signals.

In the fourth article, Paarlberg and Webb remind us how recent vulnerability of the farm sector to macroeconomic forces is more nearly the historical norm than was the period in the fifties and sixties, when Government commodity programs and international exchange policies partially insulated the farm sector from these forces.

Just as the continuing controversy in economics on the proper role of Government in a market economy has a long history, so does the study of the role of Government in agriculture. The authors in this issue have contributed to a rich tradition of studies.

Gerald Schluter

Contents

- 1 An Empirical Analysis of Alternative Export
Subsidy Programs for U S Wheat
Larry Salathe and Suchada Langley
- 19 Measuring Implicit Rental Rates for Farm
Capital
James Hruboucak
- 34 Beliefs of Farmers and Adoption of Integrated
Pest Management
*Wesley N Musser, Michael E Wetzstein,
Susan Y Reece, Philip E Varca,
David M Edwards, and G Keith Douce*
- 45 Public Policy and the Reemergence of
International Economic Influences on U S
Agriculture
Philip L Paarlberg and Alan J Webb

Research Review

- 57 Sources of International Comparative
Advantage Theory and Evidence
Reviewed by Stephen W Hiemstra
- 60 Made in Washington Food Policy and the
Political Expedient
Reviewed by Martin E Abel
- 61 The Handbook of Econometrics
Reviewed by David Freshwater
- 62 Farm Equipment Innovations in Eastern and
Central Southern Africa
*Reviewed by Richard D Sigwalt and
Darryl S Wills*