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A Journal
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Agricultural Economics Research

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In This Issue

"Let the data speak for themselves" Both articles in this issue of *Agricultural Economics Research* address areas of research and analysis where this seemingly self-evident and noncontroversial statement is neither

The first article, by Johnson and Baum, is best described as a statement of the current status of the continuing effort to develop and report a measure of U S farmers' income that accurately reflects the economic well-being in the farm sector. The U S Department of Agriculture (USDA) has been annually reporting farm income since 1924, and the series has been criticized probably since that year, as irrelevant, conceptually obsolete, and based on inadequate data

USDA has not ignored the criticisms, but its efforts to address perceived problems have been complicated by the widely varying types and sizes of American farms, fairly rapid technological and structural change on these farms, and widely varying needs for and uses of farm income estimates. The agricultural economics profession has made many contributions to the ongoing review and development of the accounts over the years. A complete list of contributors would be too lengthy for this column, but a list of recent noteworthy intellectual and conceptual contributors within USDA would be headed by Eldon Weeks and outside by former President James Bonnen of the American Agricultural Economics Association

USDA's ability to respond to suggested conceptual improvement has often been constrained by the

unavailability of appropriate data. Johnson and Baum report on a major USDA effort to address this problem with an annual probability-based survey that uses integrated replicate sampling to obtain the necessary information. This change is important in the ongoing development of the farm income accounts, but is one in which users of farm income statistics have a large stake. In the continuing effort to enhance the credibility of this much maligned, but widely used, economic series, has this shift to a greater reliance on a single annual survey been a successful step? Readers will have to answer that for themselves

The second article, by Orden, presents an estimation technique, vector autoregression (VAR), which begins by selecting a set of variables perceived as relevant to an economic issue under investigation. No variable is assumed to be exogenous *a priori*, and no variable is excluded from the autoregressive equation for any variable. This "let the data speak for themselves" approach to economic analysis has its supporters, yet, it is criticized by more structurally oriented modelers. Aware of this controversy, Orden guides the reader through the development of his VAR model, highlighting both pitfalls and points of strength. He discusses and interprets his model and presents impulse response functions from the model. The article addresses all the enticingly relevant questions about agricultural macroeconomic linkages. Again, I ask: Was this journey successful? Have the data spoken convincingly?

Gerald Schluter

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