



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

AGRICULTURAL ECONOMICS

JOURNAL OF STUDENT PAPERS



WAITE MEMORIAL BOOK COLLECTION
DEPT. OF AG. AND APPLIED ECONOMICS
1994 BUFORD AVE. - 232 COB
UNIVERSITY OF MINNESOTA
ST. PAUL, MN 55108 U.S.A.

FALL 1989
FALL 1990

FACTORS INFLUENCING THE INCREASES IN COSTS OF PRODUCTION FOR COTTON ON THE TEXAS SOUTHERN HIGH PLAINS

Marcus S. Bednarz, *Texas Tech University*

This report discusses the factors responsible for rising per pound production costs of cotton for the Texas Southern High Plains. The two factors are rising costs per acre and decreasing yield trends. After calculating related data, it was determined that overall on the South Plains, variations in yield has been responsible for most of the change in costs per pound.

THE RELATIONSHIP BETWEEN MONETARY POLICY AND QUOTA VALUES OF THE SUPPLY MANAGED DAIRY INDUSTRY

Paula Conboy, *University of Guelph*

The Bank of Canada implements monetary policy in order to adjust the economic environment by changing the money supply. One of the results of changing the money supply is a change in interest rates.

By examining past interest rates and their trends, future expected interest rates can be forecasted. Unexpected changes in monetary policy would cause a deviation from these forecasted values.

Under conditions of unexpected changes in interest ratio dairy farmers faced with the option of buying market sharing quota or investing the money in a financial institution, would tend towards the more sure returns of quota. This is due to the fact that the dairy industry in Canada is supply managed, and quota amount to farmers and the price of industrial milk are fixed factors.

Quota value is defined as the amount producers are willing to bid (above their marginal costs) for the right to produce milk.

If there were not any unexpected changes in monetary policy and interest rates could be forecasted with accuracy, dairy farmers would tend towards the more certain returns offered by financial institutions. The demand for quota would decrease making the value of quota be less under these conditions.

An econometric model was developed in order to reflect conditions of unexpected monetary policy and expected monetary policy. It was found that if all changes in monetary policy were really expected by dairy farmers, the value of quota would decrease.

Realizing that quota values adjust under unexpected and expected conditions, the industry functioning under expected conditions should factor into account unexpected adjustments when allocating quota amounts and setting the price of industrial milk.

THE IMPACT OF GENERIC ADVERTISING ON THE DEMAND FOR MILK

Margaret M. Harbour, *University of Florida*

Ever since the Great Depression, the government has been involved in the marketing and production of dairy products. In 1983, the Dairy and Tobacco Act established the National Dairy Promotion Program in an attempt to increase the demand for dairy products and to decrease the negative trend of per capita consumption. The program intended to educate the consumers and increase their awareness through an advertising campaign. The purpose of this paper was to examine the impact of the advertising program on per capita consumer demand of fluid milk, consumer's responsiveness to price changes, and the long term trend of milk consumption.

Linear and log models were estimated and elasticities with and without the program were estimated at the mean. There were inconsistent results across the models of the impact of advertising alone. The analysis indicates that consumers are more responsive to price changes under the advertising program. The study provides evidence of a decrease in the negative trend of milk consumption. The implications of this analysis suggest that the national program is working, but more data are required in order to explain sufficiently all the effects of this program.

STATE LANDOWNER INCENTIVE PROGRAMS

Stephanie J. Frerich, *Texas A&M University*

A state program questionnaire was used to survey state fish and game departments throughout the United States concerning programs directed towards private landowners. Two general types of programs were identified, monetary and nonmonetary. Nonmonetary programs cover a wide spectrum of issues. Most states have some type of a nonmonetary program. Eighteen states identified nineteen different monetary programs. Insights as to why such state programs exist are given within a property rights framework. This framework consists of four conditions; ownership and specification of rights, transferability, enforcement, and exclusivity. In order to efficiently allocate resources, all four conditions must be met. However, ownership and transferability are not fulfilled when dealing with wildlife recreational opportunities.

JAPAN, AN IMPORTANT LINK FOR U.S. AGRICULTURE: DEMAND MODEL FOR U.S. BEEF EXPORTS

Frank D. Merry, *University of Florida*

As Japan becomes "Westernized," meat is becoming an increasingly important part of their diet. Importation levels of beef have increased, and with a relaxation of quota levels, Japan has become an important market for agricultural products.

An equation for demand for U.S. beef to Japan was estimated and factors considered important to demand were discussed. These include the U.S. export price of beef, the Australian export price of beef, the price of Japanese port, the average family income, quota levels, and a time trend.

It was determined that the market for U.S. beef was mainly a residual one, filling in what the Australians could not supply. Though different, Australian beef was found to be a substitute for U.S. beef. Japanese pork was found to be a complementary good, which is inconsistent with economic theory. Results indicated that U.S. beef is considered a superior good by the Japanese. Interestingly, the quota levels were not found to have an impact on demand and, when all other factors were taken into consideration, there is a significant declining trend in U.S. beef exports to Japan.

AN ECONOMIC ANALYSIS OF THE CHEMICAL CONTROL OF CHEAT IN HARD RED WINTER WHEAT IN NORTH CENTRAL KANSAS

Dwayne K. Schmidt, *Kansas State University*

The control of winter annual grasses on continuous winter wheat acres in central Kansas is an increasing problem for winter wheat producers. Changes in cultural methods used in producing wheat have increased the competitiveness of these grasses. The recent labeling of metribuzin and the anticipated labeling of the experimental chemical BAY SMY 1500 by the Mobay Chemical Company for use in winter wheat gives farmers an alternative to the traditional cultural practices needed to control these grasses. While extensive research has been done on these chemicals as to their potential effectiveness and crop injury, little work has been done to determine the profitability of their use. This paper uses simple linear regression analysis on experimental data to determine when and if the use of chemicals to control cheat in winter wheat is profitable, and to determine what advantages a given herbicide treatment has over the others.

A TIME-SERIES CROSS-SECTIONAL ANALYSIS OF HOUSEHOLD CONSUMPTION PATTERNS FOR RED DRUM IN LOUISIANA

Brian T. Young, *Louisiana State University*

Pressure on natural red drum fisheries has forced Louisiana to close its natural fisheries to commercial red drum harvesting. This leaves the door open for the aquacultural industry to expand to meet consumer demand for red drum. A Logit model based on household socio-economic variables and observations before and after the closure

is estimated to determine the probability associated with household consumption of red drum in Louisiana. Results indicate that the 1988 red drum harvest restriction significantly reduced the probability of red drum consumption for Louisiana households. Other factors having a significant impact on the probability of red drum consumption are race, region, and head of household's occupation.

THE IMPACT OF EXPORT POLICIES OF THE E.E.C. ON THE CANADIAN PORK INDUSTRY

Arlie McFaul, *University of Guelph*

During the past twenty years, the pork industry has undergone considerable growth. Canada has experienced increases in both consumer demand and the production of pork. Demand has not only increased domestically but also internationally. Production has increased to the point that Canada produces more than double what it produced during the mid-sixties. In addition, over that period Canada has changed from being a net exporter and is not ranked with the world's largest pork exporters.

The objectives of this paper are to simulate the Canadian demand, supply, and price of pork. The model, under three scenarios was used to capture the effect of export policies of the E.E.C. on the Canadian pork industry. The respective scenarios are: a reduction in volume of pork into Canada; exogenized retail level price increased by the E.E.C. subsidy amount; and subsidies of the U.S./Canada levels vs Third Country levels.

The results suggest that the pork industry is vulnerable to the E.E.C. export subsidies. As a result of their subsidies, Canadian hog price and production of pork is suppressed and the domestic aggregate disappearance is higher.