

In This Issue

By interesting coincidence, the author of the essay on random coefficients in *The New Palgrave A Dictionary of Economics* (see review) is also senior author of the first article in this issue. Swamy, Conway, and LeBlanc present the first of a series of three articles on the arguments for, and uses of, stochastic coefficients in economic modeling. Why stochastic coefficients? Because economic relationships are not as fixed and deterministic as traditional models would imply. Forecasters and policymakers run the risk of serious mistakes by assuming fixed coefficients.

Serial articles are not typical for the Journal, although the precedent was set in the very first volume. We have chosen to serialize the stochastic coefficients article not only to accommodate its length but because there is a natural break between the arguments against fixed coefficients, the description of and arguments for stochastic coefficients, and potential in applications. We believe the articles in the spring, summer, and fall issues will make an important contribution to the perspectives of our econometric work in agriculture.

In comparing Crop Reporting Districts (CRD's) and Major Land Resource Areas as aggregate regions in production analysis, Offutt used a random coefficient model to test for aggregation bias. For Illinois, at least, her research supports the use of CRD's as a unit of aggregation for crop production data. Hahn addressed the problem of estimating aggregate demand functions taking into account different preferences associated with the distribution of income. He had only limited information with which to relate income distribution and demand for meats. His *ad hoc* moment-generating function enabled him to estimate successfully the effects of income distribution on the demand for beef, pork, and chicken. He compares his method with alternatives.

Book reviews in this issue include a critique by Reilly of *Macroeconomic Impacts of Energy Shocks*. In his gen-

erally favorable review, Reilly asks the important question, applicable to many areas of analysis: "do we believe the models so that the experiment tells us how the economy reacts or do we use the experiment to help us produce better models?" Despite some ambiguity in the answer to his question, he recommends the book for its contribution to modeling macroeconomic shocks.

Small banks are extremely important to agriculture and rural communities so the 1982 deregulation had significant impacts in the Midwest and South, according to Hiemstra's review of *The Future of Small Banks in a Deregulated Environment*. The scholarly book contains a useful review of empirical data and literature.

Ribaudo reviews *Agriculture and the Environment*, a book from Resources for the Future appearing as a policy annual. While acknowledging major contributions of several papers in the compilation, he notes some important omissions pertaining to the Conservation Reserve Program, low-input agriculture, and biotechnology.

Mayer praises *Agricultural Marketing Enterprises for the Developing World* for its summary of "a set of useful steps that improve the marketing process" and for its 26 case studies of marketing situations illustrating a wide variety of conditions. He supports the author's position of shifting responsibilities for marketing from Government to individuals.

Words economists live by are arranged alphabetically, with essays, in *The New Palgrave A Dictionary of Economics*. I have sampled its 2,000 essays (I did not count them, but instead took the word of the editors). It is a great reference book. Have a look at it.

Gene Wunderlich