

Agricultural Policy & Economics

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Definition of Economics

- Economics is the social science that describes the factors that determine the production, distribution and consumption of goods and services (Wikipedia 2015).
- Economics is the study of how people choose to use resources. Resources include the time and talent people have available, the land, buildings, equipment, and other tools on hand, and the knowledge of how to combine them to create useful products and services. Important choices involve how much time to devote to work, to school, and to leisure, how many dollars to spend and how many to save, how to combine resources to produce goods and services, and how to vote and shape the level of taxes and the role of government (AEA 2015).

School of thought

- *Over the last decade, economists seemed to share a broad consensus about economic policy, with the old splits between monetarists and Keynesians apparently being settled by events. But the Great Recession of the last two years has changed everything.*
 - Gavyn Davies
- *Economists agree about economics - and that's a science - and they disagree about economic policy because that's a value judgment... I've had profound disagreements on policy with the famous Milton Friedman. But, on economics, we agree.*
 - Franco Modigliani

Definition of Agricultural Economics

- Agricultural economics or agronomics is an applied field of economics concerned with the application of economic theory in optimizing the production and distribution of food and fiber. Agronomics was a branch of economics that specifically dealt with land usage. Agricultural economics today includes a variety of applied areas, having considerable overlap with conventional economics (Wikipedia 2015).

Definitions of Public Policy

- Public policy is the principled guide to action taken by the administrative executive branches of the state with regard to a class of issues in a manner consistent with law and institutional customs. The foundation of public policy is composed of national constitutional laws and regulations (Wikipedia 2016).
- Public policy is normally conceived as government actions to address some problem. The central focus is as the old phrase has it, who gets what when how. Policy is the end result of a complex decision-making system, encompassing many actors (Peterson 2003).

Public Policy Cornerstone

Stone	Phrase	Author
Labor	Ensuring fairness in the American workplace should be a cornerstone of our economic policy.	Tim Scott
Environment	Good environmental policy is good economic policy.	Bernie Sanders
Crisis	In a normal time, I don't think economic policy makes a large difference one way or another. But in times of crisis it makes all the difference in the world.	Mark Zandi
Economy	We have the most flexible and adaptive economy. Making sure we sustain the ability of the American economy to perform well is really the priority of economic policy.	John W. Snow
Innovation	America's experience, like many others, teaches us that fostering entrepreneurship is not just about crafting the right economic policy or developing the best educated curricula. It's about creating an entire climate in which innovation and ideas flourish.	Joe Biden
Education	Education is the best economic policy there is.	Tony Blair

Public Policy and Experience

I have learned as much in the last three years as in any other comparable period of my life, but with an added realization of how little over a half century of study one has in fact managed to learn of the whole range of economic policy issues.

-James Meade

Definitions of Agricultural Policy

- Agricultural policy is about how government influence agriculture and how agricultural sector influence government (Schimitz, Moss, Schimitz, Furtman, & Schimitz 2010).
- Agricultural policy concerns the legislative process and the law passed affecting agricultural commodities, conservation and natural resources, food and nutrition, bio-energy and producers and rural communities. These law can be local, state, or federal (Novak, Pease, & Sanders 2015).
- Agriculture and food policies embody the principles that guide government programs that influence production, the resources utilized in production, domestic and international markets for commodities and food products, food consumption, and the condition under which people live un rural America (Knutson, Penn, & Flinchbaugh, 2004).

Definition of Scarcity

Scarcity (also called paucity) is the fundamental economic problem of having seemingly unlimited human wants in a world of limited resources. It states that society has insufficient productive resources to fulfill all human wants and needs (Wikipedia 2015).

In economics, scarcity refers to limitations—insufficient resources, goods, or abilities to achieve the desired ends. Figuring out ways to make the best use of scarce resources or find alternatives is fundamental to economics (EconLib 2015).

Conflict between economist and politicians

People confuse economists and economic policy.

-Franco Modigliani

The first lesson of economics is scarcity: there is never enough of anything to fully satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics.

-Thomas Sowell

Economists often like startling theorems, results which seem to run counter to conventional wisdom.

-Joseph Stiglitz

Forces that cause policy change

Event	Example
Instability	Fluctuations on prices and income due to and forces of nature (e.g., seasonal changes, natural disasters) .
Globalization	Trade agreements (e.g., NAFTA, European Union, WTO, GATT) limit subsidies, market access and domestic support of countries.
Technology	Technology can cause an economic treadmill causing chronic excess capacity and low prices that justifies government's controlling production.
Food safety	Salmonella, E. coli BSE outbreaks raise the importance of regulation on food production. The use of pesticides and chemicals on food production have been regulated by EPA and USDA.
Environment	Water and air pollution, and large scale animal production waste management are concerns for health and conservation.
Industrialization	Biotechnology and supply chain management increase large scale agribusiness with integrated functions.
Unforeseen events	Military conflicts.
Politics	Farmers securing enactment of legislation favorable to their economics interests and wellbeing.
Source: Knutson, Penn, & Flinchbaugh (2004)	

Instability

Fear and euphoria are dominant forces, and fear is many multiples the size of euphoria. Bubbles go up very slowly as euphoria builds. Then fear hits, and it comes down very sharply. When I started to look at that, I was sort of intellectually shocked. Contagion is the critical phenomenon which causes the thing to fall apart.

-Alan Greenspan

Politics

The world runs on individuals pursuing their self interests. The great achievements of civilization have not come from government bureaus. Einstein didn't construct his theory under order from a, from a bureaucrat. Henry Ford didn't revolutionize the automobile industry that way.

-Milton Friedman

When you see government leaders really bullying business, you know that government's economic policy is failing. They get angry and they get desperate.

-Amity Shlaes

Is Media a Force that cause policy change?

Politicians	It's true that if you advise politicians on economic policy in the U.S. today, you spend your time in a cross between inquiry and combat. You are always on the periphery of harsh partisan warfare that has nothing to do with substance.	Robert Shapiro
Electorate	The media has brainwashed the electorate to expect the government to do something. The best economic policy of any government is to do nothing but reduce the size of the government, reduce the size of the laws, and reduce the size of regulations.	Marc Faber

Agriculture and Its Change in Nature

Indicator	Puerto Rico		US	
	1992	2012	1992	2012
GDP%	1.2	.81	1.6	1.6
Number of farms	22,350	13,159	1,925,300	2,109,303
Land in farms	826,893 (cdas)	584,985 (cdas)	945,531,506 (acres)	914,527,657 (acres)
Total cropland	272,596 (cdas)	433,563 (cdas)	435,365,878 (acres)	389,690,414 (acres)
Average size of farm	37 (cdas)	45 (cdas)	491 (acres)	434 (acres)

Farms by size Puerto Rico & US

Puerto Rico

Farms by size	2007	2012
Less than 10 Cuerdas	7,502	5,129
10 to 19 Cuerdas	3,545	2,859
20 to 49 Cuerdas	2,680	2,872
50 to 99 Cuerdas	865	940
100 to 174 Cuerdas	524	563
175 to 259 Cuerdas	207	401
260 Cuerdas or more	422	395

United States

Farms by size	1992	2012
1 to 9 acres	166,496	223,634
10 to 49 acres	387,711	589,549
50 to 179 acres	584,146	634,047
180 to 499 acres	427,648	346,038
500 to 999 acres	186,387	142,555
1,000 to 1,999 acres	101,923	91,273
2,000 acres or more	70,989	82,207

Farms by type of organization

Puerto Rico

Farms by type	2012	2007
Family or individual	11,938	13,958
Partnership	117	49
Corporation	738	575
Other-cooperative, estate or trust, institutional, etc .	366	1,163

United States

Farms by legal status for tax purposes	2012	1992
Family or individual	1,828,946	1,653,491
Partnership	137,987	186,806
Corporation	106,716	72,567
Other-cooperative, estate or trust, institutional, etc .	35,654	12,436

Age group in Puerto Rico, 2012 & 2006

Age group	Total	Agriculture	Nonagriculture
Under 25 years	20	18	2
25 to 34 years	487	233	254
35 to 44 years	1,369	426	943
45 to 54 years	2,936	1,416	1,520
55 to 64 years	3,612	1,390	2,222
65 years and over	4,735	1,980	2,755
Total	13159	5463	7696

Questions?