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ANALYSIS OF PUBLIC GOODS IN AGRICULTURE (A VALUATION METHODOLOGY FOR SELECTED AGRICULTURAL EXTERNALITIES)

Abstract:

The agriculture and rural areas perform a new function which requires the delivery of public goods to the society. In turn, a comprehensive identification and analysis of agricultural externalities (external economies) involves a need for developing a dedicated valuation methodology. This paper presents the assumptions of the public goods theory and puts them in the context of agriculture. The study focuses on analyzing the valuation methods for external economies, and proposes a methodology for the valuation of some illustrative positive externalities of agricultural production and of natural environment resources regarded as public goods (the agri-tourist value of a farm and the value of a natural waterhole).

Keywords:

agricultural externalities, public goods, sustainable agricultural development, multifunctional agriculture.

JEL Classification: D62, H41, Q01