

# The Economics of Agricultural Support Prices in Developing Economies

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- ▶ Agricultural sector in developing countries: Substantial support from governments.

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- ▶ Several developing economies have adopted the **Guaranteed Support Price (GSP)** scheme.

# Agenda

1 Introduction

2 Model

3 Results

4 Managerial Implications

- ▶ Customers buy bundles of resources in combination.

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  - ▶ Example 1.

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- Key parameters of agent  $W$ :  $\theta, \gamma$



- ▶ Key parameters of agent W:  $\theta, \gamma$
- ▶ Key parameters of agent C:  $\delta, \omega$ .

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## Key Non-Existence Result

Suppose  $\gamma > 0$ . There does not exist an outcome where  $\delta > 0$  and  $\Delta > 0$ . That is,

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## Possible Misinterpretation

This is not to be misunderstood with  $\delta < 0 \implies \Delta > 0$ .

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Thank You.