organic farming was just a temporary upswing so that the share of organic farmers already reached its maximum. In this paper, different potential scenarios for the further growth of organic farming are evaluated using Bayesian techniques. A nonlinear logistic growth model explaining the share of organic farms is estimated using available historical data for Dutch agriculture. Various scenarios imply different prior values for the parameters. Because of the nonlinear model specification a Metropolis-Hastings algorithm is used to simulate the posterior densities of the model parameters. Finally, using Bayesian model comparison techniques, probabilities can be attached to the different scenarios. The proposed methodology is a promising tool for analyzing technology diffusion in general when different scenarios for diffusion are possible and limited data is available.

Natalia Goncharova, Arie Oskam, and Jos Verstegen
"Modeling Investment Decisions at Firm Level: Dutch Glasshouse Horticulture"

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Abstract:
Modeling investment decisions belongs to the most difficult parts of economic analysis. Still investments are crucial in explaining growth of firms or sectors. In this paper, we attempt to bridge "value maximizing" and "behavioral" economics. The paper supplements existing work in four ways. First, we combine theoretically the two approaches. Second, we introduce a definition of "relative zero" investment level and employ this definition for the estimation of the "participation" investment decision. Third, we separate the decision to invest from the decision on how much to invest. Fourth, we compare whether typical "behavioral variables" contribute to the explanation of investments at the firm level. Comparing sub-samples of zero and positive investments, one can see that an investing firm has a bigger scale, which

exposes a higher level of revenue, wealth and capital; and it is run by a younger entrepreneur. A two-step Heckman model investigates the decision to invest together with the investment level. Factors behind those steps often differ and are sometimes opposite. Debt, growth of capital, energy, and land prices show clear opposite signs in the decision to invest and the investment level, while more wealth and higher output prices strongly encourage the decision to invest as well as the investment level. Testing on the "behavioral variables" is done by comparing a "value maximizing" versus an extended model.

Janko Gorter, Jan Jacobs, and Jakob de Haan
"Taylor Rules for the ECB using Consensus Data"

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Abstract:
We estimate a Taylor rule for the euro area using a model that allows to differentiate between policy inertia and serially correlated shocks. In contrast to most previous research, we employ real-time expectations for inflation and real output growth. Our estimates lend support to both policy inertia and serially correlated errors in European Central Bank (ECB) Taylor rules. Our results also show that the ECB takes expected inflation and expected output growth into account in setting interest rates.

Henri de Groot, Jacques Poot, and Martijn Smit
"Agglomeration, Innovation, and Regional Development: A Meta-Analysis"

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