

SUMMARY

This study undertakes an economic analysis of the research and rural extension programs for the past forty seven years in the State of São Paulo. The specific objectives of the study are: a) to estimate costs of research and rural extension for citrus, and b) to estimative social returns to public investments.

Alfred Marshall's social welfare and social cost concepts provided the basic theoretical framework for the analysis. Social welfare is defined as the area under the demand schedule, and social cost as the area under the supply schedule. The supply curve would shift leftward if producers did not have knowledge about new technologies.

Information on costs were obtained from Governmental budgets and expenditures. Benefits were estimated from gains due to yields.

The results showed that benefits have exceeded costs by an expressive margin since the 1950 decade. The internal rates of return varied from 18,33% to 27,61%, based on different price elasticities of demand and supply, and also assuming different hypotheses of supply curve shifts.

As in other similar studies, it pays to increase public expenditures in agricultural research. It is very likely that net social gains are underestimated in this research. Other Brazilian states, not considered in the analysis, have also been benefited from public investments in citrus research.