

**CAPITAL SERVICE FLOWS: CONCEPTS AND COMPARISONS
OF ALTERNATIVE MEASURES IN U.S. AGRICULTURE**

by

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ABSTRACT

Measures of capital services are used in studies of production and to inform policies related to growth and development. A variety of methods have been used to measure capital stocks and service flows. In this study we review methods commonly used to measure capital service flows, and outline important assumptions used in constructing such measures. We examine two recently constructed data sets that measure capital inputs in U.S. agriculture. Substantial differences in the measures appear to have been caused by the use of a fixed real interest rate versus a variable real market interest rate to calculate capital services.

Key words: capital measures, U.S. agriculture, state-level panel data