

**Abstract:** In many developing countries, governments often use *Minimum support prices* (MSPs) as interventions to (i) safeguard farmers' income against crop price falls, and (ii) ensure sufficient and balanced production of different crops.

In this paper, we examine two questions: (1) What is the impact of MSPs on the farmers' crop selection and production decisions, future crop availabilities, and farmers' expected profits? (2) What is the impact of strategic farmers on crop selection and production decisions, future crop availabilities, and farmers' expected profits? To explore these questions, we present a model in which the market consists of two types of farmers (with heterogeneous production costs): myopic farmers (who make their crop selection and production decisions based on recent market prices) and strategic farmers (who make their decisions by taking all other farmers' decisions into consideration). By examining the dynamic interactions among these farmers for the case when there are two (complementary or substitutable) crops for each farmer to select to grow, we obtain the following results. First, we show that, regardless of the values of the MSPs offered to the crops, the price disparity between the crops worsens as the complementarity between the crops increases. Second, we find that MSP is not always beneficial. In fact, offering MSP for a crop can hurt the profit of those farmers who grow that crop especially when the proportion of strategic farmers is sufficiently small. Third, a bad choice of MSPs can cause the expected quantity disparity between crops to worsen. By taking these two drawbacks of MSPs into consideration, we discuss ways to select effective MSPs that can improve farmers' expected profit and reduce quantity disparity between crops.