

Minnesota Applied Economist

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A Newsletter for Alumni and Friends of the Department of Applied Economics University of Minnesota

Department Head's Notes

Many alumni of the department state with great pride that they worked their way through college, and they are rightfully proud of this achievement. This tradition continues today because most of our undergraduates work while they are in school and pay a substantial part of their educational costs. For example, the Minnesota Student Survey, conducted in 2001 by Institutional Research and Reporting, found that 76 percent of University of Minnesota students work. However, given the increase in costs over time of getting an education at the University of Minnesota (or any other university, for that matter), is it realistic for students to work enough hours during the year to pay their own educational costs? This important question is examined in more detail below.

A recent study¹ estimated the number of hours a student would have to work at minimum wage to finance his or her education at a public university from 1964–65 through 2002–03. This study showed that in 1970–71 a typical student would have to work 1,252 hours per year to finance his or her education—or an average of 24 hours per week. During the 1970s college attendance costs increased but so did wages, and by 1980–81 1,198 hours were required—or 23 hours per week. During the mid-1980s attendance costs at public universities increased more rapidly than wages and by 1990–91 2,037 hours were required—or 39 hours per week. Recently, the number of hours a student would have to work has increased dramatically. For example, in 2000–01 2,509 hours were required (or 48 hours per week) and in 2002–03 a burdensome 2,852 hours were required—or 55 hours per week.

I have not attempted to construct a similar series for students attending the University of Minnesota,

but there is little doubt that the number of hours required for one of our undergraduate majors to work his or her way through school has increased dramatically since the early '70s. While the number of dollars students spend per year varies widely, even a very basic budget for an undergraduate major at the University of Minnesota during 2002–03 would include \$6,200 for tuition and fees, \$6,000 for room and meals, \$800 for books and supplies, and \$2,000 for miscellaneous expenses to live on campus—giving a total expenditure of \$15,000 for the year. This budget, it should be noted, does not include money for other student “essentials” such as an automobile, new clothes, a spring break trip, and money for living expenses during the summer.

Fortunately, many of our undergraduates can find employment in the Twin Cities area at pay rates above minimum wage. For example, majors in applied

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economics and agricultural and food business management can usually find jobs on campus or with businesses in the metropolitan area that pay a net of \$8 per hour after deductions for social security, which is well above the minimum wage. Using a figure of \$8/hour, a student without other support must work 1,875 hours per year to earn \$15,000. In other words, the average student would have to work almost full time to meet his or her educational costs. Many, of course, use other sources of funds—such as family support, loans, and scholarships—so they do not have to work full time.

The cost/wage figures discussed above underline the critical role that scholarships play in helping students get an affordable education at the University of Minnesota. Indeed, scholarships have always been important in helping undergraduates meet their attendance costs and they are increasingly important as the gap between what a student can expect to earn and the amount needed to fund his or her education increases over time. Because of this disparity, scholarships provided through the generous support of

alumni and friends fill part of this gap for many of our undergraduate majors. For example, page 4 of this issue lists 30 applied economics and agricultural and food business majors who were awarded scholarships by the College of Agricultural, Food, and Environmental Sciences for the current academic year, and other articles in this issue describe the newly formed Ag Star Scholars Program and the Hal Routhe Scholarship. Each of these scholarships provides important support for students who are working their way through college, and we thank the donors for their generous support of these—and other—departmental scholarships.

If you would like to contribute funds to provide scholarships for our undergraduates, please complete the form on the back page and return it to Sue Shepard, Director of Development.

Vernon Eidman

¹ “I Worked My Way Through College. You Should Too.” *Postsecondary Education OPPORTUNITY*, Research Newsletter 125, November 2002.

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The Hal Routhe Scholarship

We are pleased to announce that Jolene Keim, a Junior in Agricultural & Food Business Management from Chester, Iowa, is the recipient of the \$2,000 Hal Routhe Scholarship for 2003-2004. Available for the first time this year, selection for this award emphasizes character, motivation, potential, and financial need. Students studying agricultural financial management are given preference. The departmental Scholarship Committee selected the recipient.

Harlund G. (Hal) Routhe, Professor Emeritus, University of Minnesota graduated with a B.S. and M.S. in agricultural economics in 1951 and 1954, respectively. He had a distinguished career with the University of Minnesota as a professor and extension economist in the department and as an administrator with the University of Minnesota Extension Service. We are pleased that he created this scholarship for an undergraduate majoring in applied economics or agricultural and food business management.

James Kurtz Joins the Department



James Kurtz joined the department November 1, 2002 as regional extension educator and field representative for the Southwestern Farm Business Management Association (SWFBMA). Before joining the department, Jim was employed

by the First National Bank in Garretson, South Dakota, from 1975 through October 2002 where he held several positions over the years—most recently as senior vice president. As senior vice president, he worked primarily as a loan officer for all types of loans but specialized in agricultural loans. Before joining the bank, he was a vocational agriculture instructor in Garretson from 1971 to 1975 and at Colman, South Dakota, from 1967 to 1969. From 1969 to 1971, he served in the U.S. Army—including a tour in Vietnam.

Kurtz has a lot of work experience and a strong educational background in the area of record keeping and financial analysis. For example, while working at First National Bank, he educated farmers on financial analysis and had a part-time business pro-

viding record-keeping analysis and instruction to farmers and small commercial businesses. He received a B.S. and M.S. in agricultural education from South Dakota State University.

Kurtz has been an active member of his community serving in many volunteer positions. He was a member of the Garretson City Council, held various offices in his church and the American Legion Post, and served as chairman of the Garretson Golf Association. He was treasurer of Palisade Township, vice president of G.L.A.D. Incorporated (the Garretson residential development corporation), and vice president of the Palisade Manor Nursing Home in Garretson.

Jim moved into the Nobles County Extension office in Worthington just as the tax season for calendar year 2002 was beginning. As a result, he has been very busy dealing with the year-end activities of the SWFBMA and getting to know the Association's members. We welcome him as a member of the regional educators in agricultural business management, as a member of the team working with the SWFBMA, and as a member of the department.

AgStar Scholars

A new scholarship program has been established in the department with funding provided by the AgStar Fund for Rural America through AgStar Financial Services Incorporated of Mankato. Each year AgStar Financial Services will select 6–10 students for this unique scholarship program. The six students selected as 2003–4 scholars are juniors majoring in agricultural and food business management, have strong interests in financial management, and were selected for their academic achievement, leadership, and involvement in the agricultural community. The winning AgStar scholars and their hometowns are as follows: Alison Behning (New Brighton), Nathan Hay (Heron Lake), Jason Marthaler (Osakis), Brett Mattson (Albert Lea), Chris Pothen (Murdock), and Lindsay Takala (Iron).

Each AgStar scholar receives \$2,000 in scholarship funds and wins an internship with Agstar Financial Services. In addition, the AgStar scholars will attend a guest lecture series during the 2003–4 academic year, and each will prepare a detailed business plan for a farm or agribusiness during his or her senior year. Professor Glenn Pederson is the faculty contact person and coordinator of the program.



Congratulations to the Following Scholarship Recipients for 2002-2003!

**Associates Golf Scramble
Scholarship**
Brett Mattson

Ernest Baughman Scholarship
Linda Thompson

**Cenex Harvest States Co-
operative Studies Scholarship**
Alison Behning
Elizabeth Berning
Margretta Hanson
Jolene Keim
Jason Marthaler

COAFES Scholarship
Christopher Fitzsimmons
Nathaniel Peterson
Chris Pothén
Adam Reinhart
Christopher Routhé
Lindsay Vito

**Thomas H. Canfield
Endowment**
Courtney Allen
Sharniqka Smith

Dean's Scholar Program
Timothy Boethin
Lauren Kreisberg

**Austin & Isabel Dowell
Endowment**
Scott Gilbert

**Eberle Scholarship/St. Paul
Foundation**
Kathryn Johnston

**John & Caroline Gluek
Memorial Scholarship**
Nathan Hay

**Charles E. Lofgren
Scholarship**
Rachael Dettmann
Lindsay Takala

Cletus Murphy Scholarship
Brad Wieser

Olberg Scholarship for Men
Andrew Tofteland

**William & Georgia Olson
Scholarship**
Laurie Carlson

**Elizabeth B. & Edgard W.
Ukkelberg Memorial
Scholarship**
Adam Stegemann

Eloise Van Slyke Scholarship
Rachel Murray
Nathan Nordstrom

**John Williams Memorial
Scholarship**
Philip Reiter
David Yost

The screenshot shows the website for the Department of Applied Economics at the University of Minnesota. The header includes the department name and the university logo. A navigation menu on the left lists various sections like 'Our Department', 'Graduate Programs', and 'Faculty Directories'. The main content area features a search bar, a paragraph of introductory text, and sections for 'News Items' and 'Events'. Three small images are displayed on the right side of the page.

Our Website's new look

Exploring Our New Website

The department launched its redesigned website, shown on page 4, in August 2002 using a content management tool developed by Urban Planet. The redesign effort began two years ago when an outside consultant was hired to evaluate the site. Using input from the consultant and the department's Publications/Web Committee, the website was upgraded to make information more accessible to alumni, prospective students, faculty, staff, graduate and undergraduate students, and others interested in the department. The following gives a brief tour of our new website, which you can find at

<http://www.apec.umn.edu>; it is best viewed using Internet Explorer.

Viewing Information about the Department

Departmental *News & Events* are announced each week on the homepage. News items include new department publications, the latest issues of the newsletter *Marginal Memos*, and a list of Applied Economics graduate students who are seeking jobs upon completion of their degrees. Event items include listings of seminars, social activities, and other departmental events. To access other information about the department, use the green navigation bar on the left side of the homepage. For example, the *Our Department* area offers general information about the department (including departmental meetings and seminars), information about job openings, personnel directories, and alumni contact information. In addition, the *Our Department* area provides departmental phone numbers, webmail access for department members, equipment and conference-room reservations, committee lists, computer security updates, and other useful information.

Keeping Students Informed

Prospective students can obtain information about the department's undergraduate and graduate programs using the *Degree Programs* area. Here they can download application forms and find information about the many courses offered by the department. In addition, students and alumni who are interested in learning about the department's research centers, can use the *Centers* link to go to their respective homepages.

Using the Site's Personnel Directories

There are three main personnel directories on the website to help you find individuals in the department: the *Faculty Directories*, *Staff Directory*, and *Graduate Student Directory*. These directories give you quick access to contact information for all our faculty, staff, and students. You can use the *Faculty Directories* link to see a photo of each faculty member and go their individual homepages for more information about his or her background, research interests, and publications.

Accessing Library and Other Resources

The *Library and Data Resources* area of the website includes links to Waite Library, *AgEcon Search*, and departmental publications including staff papers, theses, and newsletters. The data resources area gives you access to the Minnesota Land Economics database, the University of Minnesota Government Publications Library, and other resources. In the future, when our *Research and Extension* area is completed, you will be able to search for faculty contacts and department publications using six major search categories. This function will be available spring 2003.

We Welcome Your Comments

Now that you have taken a paper-based tour of our newly upgraded website, we hope you will power up your computer and visit us via the Internet. If you have any suggestions for improvement or other comments about our website, please email Sharon Kill, Web editor, at skill@apec.umn.edu.

Strategic Planning Workshop For Dairy Producers Is a Big Hit

A collaborative effort between the Center for Farm Financial Management, University of Minnesota Extension Service and the Department of Applied Economics to develop a comprehensive strategic planning workshop for dairy producers has proved to be very successful. Margot Rudstrom, West Central Research and Outreach Center, Kevin Klair, Center for Farm Financial Management, and Lee Gross, Regional Extension Educator have developed an innovative workshop where strategic planning principals are applied to a specific agricultural industry, dairy. The intensive, four-day workshop gives dairy producers the opportunity to strategically evaluate their farm business and develop a comprehensive business plan that is unique to their particular operation and situation.

The first two days of the workshop are spent developing a SWOT (strengths, weaknesses, opportunities, and threats) analysis for each producer's farm or business. Producers also develop goals and assess what their employees and other personnel like and dislike doing. As management strategies are identified, producers are asked to carefully evaluate how the chosen strategy will meet specific goals, capitalize on opportunities, address potential threats, maximize their operational strengths, and minimize their operational weaknesses.

The last two days of the workshop are spent using "FINPACK" and "FINPACK Business Plan"—two software packages developed by the Center for Farm Financial Management, one of the Department of Applied Economics' research centers. Taking strategies developed during the first part of the workshop, producers run the FINLRB subroutine (the "what if" strategic planning component of FINPACK) to assess the expected financial impact of potential strategies or alternatives. As a result, when a dairy producer completes the workshop, he or she leaves with a detailed, individualized, and comprehensive business plan that producers can use to assist in management decisions.

To date, this workshop has been presented in Milbank, South Dakota, and in the following towns in Minnesota: St. Charles, St. Cloud, Red Wing, Owatonna, and Staples. The producers who attended these workshops, found them *very* helpful, as shown by the following comments taken from participants' course evaluation sheets.

- "As the wife of the business, this workshop opened my eyes to the future of our business. We now are discussing the future of the farm in depth."
- "To really sit down and figure out where you are coming from and where you are heading truthfully was good. The amount of help we got was excellent."
- "Projecting a more professional outlook and more organized information is always helpful with obtaining financing and setting goals."

In closing, we thank those from industry and the farm business management education program of the MNSCU (the Minnesota State Colleges and Universities system) who supported these very successful dairy producers strategic planning workshops.

Would you like to receive the
Minnesota Applied Economist
electronically?

Do you have suggestions on how
we can improve this newsletter?

We would love to hear from you!
Please contact us at
msulliva@apec.umn.edu

75 Years of Cooperation

Formation of the Farm Management Associations

A cooperative farm management service was organized in the Fall of 1927 in six southeastern Minnesota counties. The project was begun by farm management faculty in the Department of Agricultural Economics and the Agricultural Extension Service in cooperation with the Bureau of Agricultural Economics, USDA. It was established on a trial basis for 1928-30. A full-time field representative visited each farm three or four times a year to help the farmer keep their records and use them as a guide in making decisions. The number of farmers increased from 124 in 1928 to 172 in 1929 and 180 in 1930.

As they approached the end of the three-year trial, the farmers wanted to retain the service and they offered to share the cost through an annual membership fee. Their offer was accepted by the University and the Southeastern Farm Business Management Association was formed. In 1940, a group of farmers from southwestern Minnesota expressed interest in organizing a similar association. Their offer was accepted by the University and the Southwestern Association was formed. 2003 is the 75th year of operation for the Southeastern Association and the 63rd year for the Southwestern Association. Membership in 2002 totaled 92 and 228 for the Southeastern and Southwestern Associations, respectively.

Responsibilities of the Partners Have Evolved

The Department of Applied Economics and the University of Minnesota Extension Service have cooperated with the two associations throughout their existence, but the responsibilities of the partners have evolved over time. During the early years the Department authored the account book, closed the record for each farm at the end of the year, computed the summary data for each association, and produced the annual report. Now much of that responsibility has been assumed by the associations.

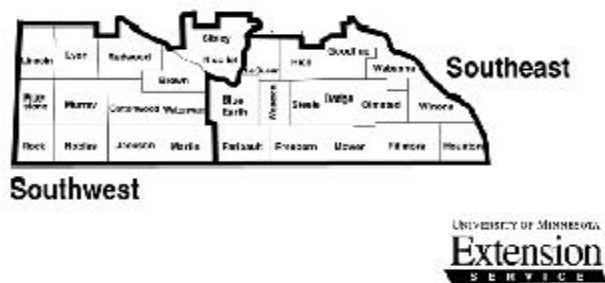
At the current time the associations obtain and distribute the computerized accounting packages that most of the farmers use, and summarize the farm accounts for each farm at the end of the year. The

Center for Farm Financial Management (CFFM), located within the department, has responsibility for preparing the annual report for each association. CFFM also maintains the farm record data on enterprise and whole farm performance in a web accessible database that can be queried for financial and production information based on peer groups or enterprises of the person's choosing. The database includes data from over 3,200 farms belonging to several associations across Minnesota and North Dakota. Queries generate summary reports, which require a minimum number of farms to protect individual producer data. This database is used to obtain benchmark performance data on crop and livestock enterprises as well as financial performance data on the whole business.

The field representatives are employed by the University of Minnesota Extension Service as regional educators and the associations reimburse the Extension Service for the time the regional educators spend serving association members. The remainder of the regional educators' time is devoted to extension programming on topics that utilize their unique expertise in marketing and management, including income tax management, estate planning, and business arrangements. In addition they keep departmental faculty in touch with emerging management and marketing issues of concern at the farm level.

(75 Years of Cooperation continued on page 8.)

Counties served by the Associations



(Continued from page 7.)

We currently have four regional educators working with the associations; Lorin Westman, who serves members of the Southeastern Association; and Jim Christensen, Bob Anderson, and Jim Kurtz, who serve the members of the Southwestern Association. Lorin Westman has worked with members for 21 years; Jim Christensen for 10 years; Bob Anderson for 6 years; and Jim Kurtz, who was hired to replace Erlin Weness, for four months. Although Jim is new on the job, he has extensive experience in agriculture and finance, as described in the article on page 3, and we welcome him aboard as our newest team member.

The Benefits of Cooperation

Cooperation with the members of the two associations has been beneficial to all parties over time and the benefits continue today. The associations shoulder most of the cost in recognition of the benefits that members receive, such as marketing and management advice, accurate records, and comparable financial and production benchmarks. The public goods produced by this cooperation (including the publicly available data base, and data on actual farms used in extension, teaching, and research programs) are widely used within the State by banks, businesses and governmental units serving the agricultural community. We look forward to continued cooperation for years to come.

RECENT PUBLICATIONS

For information on locating a copy of a publication not available on the Internet, contact the underlined author at the department by calling 612-625-1222.

GLOBAL PERSPECTIVES

Child Nutrition and Economic Growth in Vietnam in the 1990s by Paul Glewwe, Stefanie Koch, and Bui Linh Nyugen. Rapid economic growth in the 1990s has led to a huge decline in poverty and an increase in household incomes in Vietnam. According to many economists, economic growth can further lead to a better nutritional status of a population. Malnutrition rates in Vietnam, in terms of stunting (low height for age) in children under 5, have been reduced from 50 percent in 1992–93 to 34 percent in 1997–98. Disparities, however, exist between different regions, urban and rural areas, ethnicities, and income quintiles. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.23–45.

Controversy About Agricultural Technology: Lessons from the Green Revolution by Vernon Ruttan. The development and introduction of transgenically modified organisms to enhance crop and animal production has generated considerable controversy about potential food safety and environmental impacts. The introduction in tropical Latin America and Asia of high-yielding varieties of wheat, maize, and rice—beginning in the late 1960s—was also controversial. Critics argued that the new technology was biased against the poor and would make the rich richer and the poor poorer. This paper reviews the equity and productivity impacts of the “green revolution” and draws several inferences about the effects of the new biotechnologies on agricultural production. Staff Paper P02-15, 2002. [<http://agecon.lib.umn.edu/mn/p02-15.pdf>]

Differing U.S. and European Perspectives on GMOs: Political, Economic, and Cultural Issues by C. Ford Runge, Gian Luca Bagnara, and Lee Ann Jackson. The purpose of this paper is to examine the underlying factors that have contributed to divergent U.S. and European views on GMOs. After a brief overview of the historical and cultural differences dividing U.S. and EU attitudes, the paper focuses primarily on consumer labeling strategies and international trade. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari,

Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.3–13.

Economic Mobility in Vietnam in the 1990s by Paul Glewwe and Phong Nguyen. Vietnam's high economic growth in the 1990s led to sharp reductions in poverty but, over the same time period, inequality has increased. This increase in inequality may be less worrisome if, in the future, Vietnamese households experience a high degree of income mobility over time. This is because high mobility implies that the long-run distribution of income is more equally distributed than the short-run distribution, since some individuals or households are poor in some years, while others are poor in other years. Washington, DC; World Bank, Policy Research Working Paper 2838.

Economic Studies on Food, Agriculture, and the Environment, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. This book contains a selection of papers from the seventh biennial Joint Minnesota-Italy Conference on Food, Agriculture, and the Environment held in Bologna, Italy. The papers covered the following topics and focused on the U.S. and Italian experience: 1) the food industry and concerns about concentration, vertical coordination, food safety, and food quality; 2) land and water assessment with an emphasis on water-resources management and the recreational use of land; 3) agricultural policy and the potential for rural development; and 4) the environment and markets and how agro-environmental policies and market mechanisms can improve or protect the environment. New York, NY: Kluwer Academic/Plenum Publishers, 2002.

Economy-Wide Benefits from Establishing Water Use/Right Markets in a Spatially Heterogeneous Agricultural Economy by Xinshen Diao, Terry Roe, Rachid Doukkali. This paper analyzes the economy-wide gains obtainable from the allocation of surface irrigation water to its most productive use and evaluates a decentralized mechanism for achieving this result in a spatially heterogeneous environment. The focus country for this analysis is Morocco. University of Minnesota, Economic Development Center, Bulletin 02-1, 2002.

[<http://agecon.lib.umn.edu/mn/edb02-01.pdf>]

Household Financial Savings Mobilisation: Empirical Evidence from Uganda by Barnabus Kiiza and Glenn Pederson. Panel data are used to examine household savings behavior in Uganda and the part that is played by formal financial institutions in mobilizing those savings. We show that the probability a household will acquire a deposit instrument from a financial institution increases significantly

for both rural and urban households with improvements in several factors. Those factors include the level of information that is made available to the household, the degree of household access to the financial institution, the level of education of the head of the household, and the density of financial institutions in the area where the household is located. IN: *Journal of African Economics*, v.10, no.4, 2002, pp.390–409.

Induced Institutional Innovation by Vernon Ruttan. The purpose of this paper is to better understand the incentives that lead agents, acting individually and collectively, to redesign institutions (such as land-tenure arrangements) or design new institutions (such as constructed markets to manage atmospheric pollution). I elaborate a theory of institutional innovation in which shifts in the demand for institutional change are induced by changes in relative resource endowments and by technical change. The impact of advances in social science and of cultural endowments on the supply of institutional change are also considered. IN: *Technological Change and the Environment*, edited by Arnulf Grubler, Nebojsa Nakicenovic and William Nordhaus. Washington, DC: Resources for the Future and Laxenburg, Austria; International Institute for Applied Systems Analysis, 2002; pp.364–388.

International and Institutional R&D Spillovers: Attribution of Benefits Among Sources for Brazil's New Crop Varieties by Philip Pardey, et al. In general, reported rates of return to agricultural R&D are high but questions have been raised about upward biases in the evidence. Among the reasons for this bias, insufficient attention to attribution aspects—matching of research benefits and costs—is a pervasive problem. In this paper, the magnitude of this bias is illustrated with new evidence for Brazil. International Food Policy Research Institute, Environmental and Production Technology Division; Discussion Paper 95, 2002. And, Center for International Food and Agricultural Policy; Working Paper WP02-6, 2002.

[<http://agecon.lib.umn.edu/mn/wp02-06.pdf>]

Market Issues Pertaining to Poverty Reduction in Latin America by Donald Liu. The purpose of this paper is twofold. First, it is to lay out some of the issues important to the successful functioning of the key markets in rural Latin America—including the labor market, financial market, land market, and agricultural factor and product markets. Second, it is to present policy suggestions about how to ensure these markets work for the rural poor. Staff Paper P02-11, 2002.

[<http://agecon.lib.umn.edu/mn/p02-11.pdf>]

Meeting Future Requirements for Water: An Integrated Water Management Perspective by **Hans Gregersen** and **K. William Easter**. This paper provides an overview of the linkages that can be expected in the future between agriculture and water. It looks at the growing competition between agriculture and the environment for water and provides some information on expected water-related issues in the future. The final sections provide a summary discussion of the technical and institutional options for dealing with agricultural water needs in the future, in the context of the growing competition for water worldwide. IN: *Quarterly Journal of International Agriculture*, v.41, no.1/2, 2002, pp.7–22.

Pricing Irrigation Water: A Review of Theory and Practice by **Robert Johansson**, **Yacov Tsur**, **Terry Roe**, et al. Increasing economic pressures on water resources are causing many to consider various mechanisms to improve water-use efficiency. This is especially true for irrigation agriculture, a major consumer of water. “Getting prices right” is seen as one way to allocate water but how to accomplish this remains a debatable issue. Methods of allocating water are sensitive to physical, social, institutional, and political settings, making it necessary to design allocation mechanisms accordingly. This paper surveys current and past views on allocating irrigation water with a focus on efficiency, equity, water institutions, and the political economy of water allocation. IN: *Water Policy*, v.4, no.2, 2002, pp.173–199.

Social Capital and Communication by **Robert King**, et al. This report provides insight into the theory of social capital and how this is related to communication theory. Based on both of these theories, a research framework is proposed to finally support the development of agricultural collaborations. To this end, a literature study was performed—partly at the University of Minnesota in St. Paul. The report concludes with a discussion in which the role of research in this area of investigation is further examined. The Hague, Netherlands: Agricultural Economic Research Institute, Report 5.02.08, 2002.

Sources of Technical Change: Induced Innovation, Evolutionary Theory, and Path Dependence by **Vernon Ruttan**. The 1960s through the 1980s produced considerable new theory and empirical insight into the process of technical change. In this paper I argue that the three models—1) induced innovation, 2) evolutionary theory, and 3) path dependence—represent elements of a more general theory of technical change. IN: *Technological Change and the Environment*, edited by Arnulf Grubler, Nebojsa Nakicenovic, and William Nordhaus. Washington, DC:

Resources for the Future and Laxenburg, Austria; International Institute for Applied Systems Analysis, 2002, pp.9–39.

Water Scarcity: Institutional Change, Water Markets, and Privatization by **Cesare Dosi** and **K. William Easter**. A number of countries face water shortages because they need to make some basic changes in the way water is managed. Policy options do exist and most of them share the objective of treating water services as an economic good by 1) regulating private inefficient appropriation of open-access resources, and 2) making the demand for water less independent of users’ willing to pay for it. The aim of this paper is to provide an overview of these policy options by illustrating their rationale and possible caveats. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.91–115.

Who Gained from Vietnam’s Boom in the 1990s? by **Paul Glewwe**, **Michele Gragnolati**, and **Hassan Zaman**. This article seeks to assess the extent to which Vietnam’s economic success has been accompanied by reductions in poverty. It also examines which factors, if any, led to some households benefiting more than others. To answer these questions, it uses two nationally representative household surveys, the Vietnam Living Standards Surveys (VNLSS) that were conducted in 1992–93 and 1997–98. IN: *Economic Development and Cultural Change*, v.50, no.4, July 2002, pp.773–792.

ISSUES IN THE U.S.

Agricultural Sustainability and Intensive Production Practices by **Stephen Polasky**, et al. A doubling in global food demand projected for the next 50 years poses huge challenges for the sustainability both of food production and of terrestrial and aquatic ecosystems and the services they provide to society. New incentives and policies for ensuring the sustainability of agricultural and ecosystem services will be crucial if we are to meet the demands of improving yields without compromising environmental integrity or public health. IN: *Nature*, v.418, August 8, 2002, pp.671–677.

Analysis of Land Prices Under Uncertainty: A Real Option Valuation Approach by **Glenn Pederson** and **Tamar Khitarishvili**. Recent empirical studies have found that traditional present-value models do not adequately represent the process that underlies changes in farmland mar-

ket prices. This paper briefly reviews the existing economic literature on land pricing and then develops a more specific analysis of land prices under uncertainty using a real-option approach to valuation. Using the model, the paper illustrates the effects on farmland prices of factors that represent the major sources of investor uncertainty. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizo Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.153–168.

Book Review of “*Stolen Harvest* by Vandana Shiva. Cambridge, MA: South End Press, 2000” by Richard Levins. Dr. Shiva reminds us that food is not simply another manufactured good that lends itself to global specialization. Biological processes must be respected so that global food production remains secure. IN: *American Journal of Agricultural Economics*, v.84, no.4, November 2002, pp.1180–1181.

Cash Rental Rates and the 2002 Farm Bill by Dale Nordquist and Gary Hatchfield. There is a perception among many people that the 2002 Farm Bill will result in windfall profits for crop producers in areas like southern Minnesota. Further, because of this perceived windfall, many expect land rental rates to increase substantially in the near-term future. This paper is an attempt to quantify, by using historical yield and expense information coupled with expected government program receipts, the amount of residual income an average southern Minnesota acre will produce toward paying cash rent. University of Minnesota Extension Service, 2002.

[<http://www.cffm.umn.edu/Pubs/cashrent2002.pdf>]

Changing Agricultural Markets: Industrialization and Vertical Coordination in the Dry Edible Bean Industry by William Chambers and Robert King. The agricultural sector is undergoing a transformation that is altering marketing relationships to better serve customer needs. These changes are drawing consumers, processors, and farmers into closer marketing relationships that improve the flow of information up the supply chain and enable firms to better meet customer demand. This paper uses case studies to analyze this process as it is occurring in the dry edible bean industry. A major finding is that contracts are not necessarily used in these new marketing relationships. IN: *Review of Agricultural Economics*, v. 24, no.2, Fall/Winter 2002.

Cooperation Upstages Competition in New Farm Economy by Richard Levins. Competition among farmers reduces their market power. Meanwhile, those who buy products from farmers and sell inputs to farmers get larger

and increase their market power. IN: *The Land*, v.26, no.20; September 27, 2002; pp.4–5. And IN: *AgWeek*, v.18, no.14; November 11, 2002; p.4.

Dairy Cooperatives in the Age of Wal-Mart by Richard Levins. The rising market power of food-retailing corporations has serious implications for how dairy farmers should regard their processing cooperatives. Farmer-led strategies that promote higher farm-gate milk prices should be considered. Paper presented at the Cooperative Action Conference; St. Paul, MN; November 1, 2002.

Developing a Production Possibility Set of Wildlife Species Persistence and Timber Harvest Value by David Culkin, Stephen Polasky, et al. An integrated model, combining spatial wildlife population and timber harvest and growth models, was developed to explore tradeoffs between the likelihood of persistence of a wildlife species—the northern flying squirrel—and timber production on a landscape on the west side of the Oregon Cascade Range. Although the results are specific to the wildlife species and the landscape analyzed, the approach is general and provides a structure for future models that will help land managers and forest planners to understand tradeoffs among competing resource costs. IN: *Canadian Journal of Forest Research*, v.32, no.8, August 2002, pp.1329–1342.

Do Missing Institutional Arrangements Block Enlargement of Water Markets? by K. William Easter and Rodney Smith. As we consider the potential for expanding water markets as a means to help prevent water shortages, it is clear that there is resistance to such an expansion. This resistance should not be surprising given that there are likely to be both gainers and losers from expanded water markets. This paper shows that there are a number of potential market failures when water markets are expanded and that these failures are important to different stakeholder groups. The paper reviews institutional arrangements that can work to promote market expansion by mitigating market failures or by compensating damaged parties. Center for International Food and Agricultural Policy; Working Paper WP02-2, 2002. [<http://agecon.lib.umn.edu/mn/wp02-02.pdf>]

The Economics of Biodiversity Conservation edited by Stephen Polasky. Human actions are linked to loss of biodiversity at the level of ecosystems, species, and genes. Loss of biodiversity also has consequences for human welfare. This book, which collects articles published recently by economists, analyzes the costs and benefits of conservation and outlines strategies to conserve biodiversity. Ashgate Publishing Company, 2002.

Food Costs and Farm Policy: Win-Win Solutions for Farmers and Consumers by Richard Levins. Farmers and consumers must realize their common interest in keeping market power among processors and retailers in check. Otherwise, we could see higher food prices and lower farm income. IN: *Minnesota Agriculture*; November 15, 2002.

The History, Trade, and Environmental Consequences of Corn (Maize) Production in the United States by C. Ford Runge. This study considers the role of corn (maize) in U.S. agriculture and focuses on its environmental impacts. The study describes the history of corn production, evaluates the structure of corn production and the uses of this production, and assesses corn's environmental impacts. In addition, the study proposes specific environmental improvements at the national, state, and farm level and analyzes the ways in which these changes can best be related to the marketing structure of corn as a commodity. Not published, 2002.

Market-Based Mechanisms for Environmental Improvement by Jay Coggins and Paolo Rosato. Market-based mechanism for pollution control are becoming more popular both in the environmental economic literature and in real-world policymaking. This paper contains a review of the ideas behind these mechanisms. A brief example illustrates the appeal of both effluent taxes and permit-trading schemes and compares and contrasts the two. This is followed by a review of some of the market-based schemes in use around the world and finishes with a summary of the performance in the U.S. of the sulfur dioxide allowance-trading market. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.255–267.

National Security and Bioterrorism: A U.S. Perspective by C. Ford Runge. The purpose of this paper is to consider how the events of September 11, 2001 have changed how we think about the world food system and the possibilities for agro-bioterrorism. These are divided into three categories: direct threats to the world food system from agro-bioterrorism; market and development assistance disruptions arising from terrorist and anti-terrorist activity; and broader and longer-term shifts in the political economy of international agriculture due to the emergence of a recognized global terrorist threat. The paper concludes that agro-bioterrorism is a real threat but more to the markets than to human health. Center for International Food and Agricultural Policy Working Paper WP02-7, 2002.

[<http://agecon.lib.umn.edu/mn/wp02-07.pdf>]

A New Vision for Agriculture and Rural Development on the Plains and Prairies of North America by Richard Levins. We will need more farmers—not fewer—to keep rural Minnesota healthy. But to support those farmers, we will need strong organizations that promote economic cooperation among farmers. As the economy becomes more global, farmer cooperation must also become global. *Greenbook 2002: Sustaining People, Land, and Communities*; Minnesota Department of Agriculture, Energy and Sustainable Agriculture Program; pp.5–7.

Principles of Rural Tourism Development by William Gartner. In this paper, a number of critical features necessary for successful rural development were examined. Some of the features mentioned—such as transportation—fall into the domain of the public sector. Others—such as human resource training and communication technology—may be the responsibility of both the public and private sectors. A number of tourism trends were examined that relate to rural types of touristic experience. The trends suggest that the growth of rural products are increasing. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.241–252.

Productivity Growth in World Agriculture: Sources and Constraints by Vernon Ruttan. I anticipate that in those countries and regions in which land and labor productivity are already approaching scientific and technical frontiers, it will be difficult to achieve growth in agricultural productivity comparable to the rates that occurred over the last half century. For those countries in which land and labor productivities are furthest from the frontier levels, particularly in sub-Saharan Africa, acquisition of greater scientific and technical capacity will open up substantial opportunities to enhance the rate of growth in agricultural productivity. During the next half century, I anticipate that the problem of pest and pathogen control will become the most serious constraint on sustainable growth in agricultural production. IN: *Journal of Economic Perspectives*, v.16, no.4, Fall 2002, pp.161–184.

Reinterpreting Structural Change in U.S. Agriculture by Philip Raup. The structure of U.S. agriculture has been profoundly changed by the growth in specialized production units in animal agriculture, by monoculture and duoculture in field crops, and by increased dependence on export markets. The typical farm now uses both owned and rented land, reflecting heavy migration out of agriculture and parcelization of land ownership. Traditional family

farms, once diversified, participate in specialization by converting to two-earner families, with diversified income sources from both off-farm work and nonfarm work on the farm. This may prove to be a surprisingly durable transition. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002 pp.185–200.

Risk Management: From the Researcher to the Farmer by Vernon Eidman and Kent Olson. We briefly review the current research on risk management, the sources of risk for farmers, and the alternative strategies for farmers to manage and control their exposure to risk. We then describe the current approach to providing educational programs on risk management and the available evidence that farmers are adopting recommended strategies. Our analysis suggests that more farmers are adopting tools to shift some of the short-run risk, but have been less receptive to adjusting their strategies to deal with longer-run changes. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002 pp.201–218.

The 2002 Farm Bill: A Step Forward or a Step Backward? by Vernon Eidman. This paper contrasts the types and dollar amounts of income-support payments made to farmers under the 1996 FAIR Act with the expected payments under the 2002 Farm Act. It documents that the estimated payments under the 2002 Farm Act exceed the level of expenditures of the FAIR Act, but they do not exceed the combined expenditures of the FAIR Act and the supplemental disaster programs funded in recent years. The paper also discusses why the authorization of the new counter-cyclical payments as a substitute for the supplemental market-loss assistance payments may create problems for the U.S.'s ability of meet its WTO obligations. Center for International Food and Agricultural Policy; Working Paper WP02-9, 2002. [<http://agecon.lib.umn.edu/mn/wp02-09.pdf>]

The 2002 Supermarket Panel Annual Report by Robert King, Elaine Jacobson, Jonathan Seltzer. The Supermarket Panel collects data annually from individual supermarkets on store characteristics, operations, and performance. The Panel was established in 1998 by the Food Industry Center as the basis for ongoing study of the supermarket industry. It is unique because the unit of analysis is the individual store and because the same stores are tracked over time. This makes it possible to analyze how changes in

technologies, business practices, and competitive forces are changing the industry. The Food Industry Center paper, 2002.

Union Density Effects in the Supermarket Industry by Robert Johansson and Jay Coggins. Unions provide higher than competitive wages for members but their effect on nonunion wages is not clear. We investigate the effect of the union density of supermarket wages from 1986 to 1993, a period of declining real wages and declining union membership. IN: *Journal of Labor Research*, v.23, no.4, Fall 2002, pp.673–684.

Vertical Coordination and the Design Process for Supply Chains to Ensure Food Quality by Luciano Venturini and Robert King. This paper focuses on supply chain design strategies for ensuring food quality. It presents a series of brief descriptions of food supply chains in the U.S. and Europe. These descriptions help illustrate both the common features and the diversity of emerging supply chains in the food system. It reviews key theories that can serve as the conceptual foundation for supply chain analysis and design, including transaction cost economics, agency theory, property rights theory, and the resource-based theory of the firm. IN: *Economic Studies on Food, Agriculture, and the Environment*, edited by Maurizio Canavari, Paolo Caggiati, and K. William Easter. New York, NY: Kluwer Academic/Plenum Publishers, 2002; pp.57–87.

REGIONAL TOPICS

County-Level Distribution of Land Values in the Twin Cities Metropolitan Area by Steve Taff. These histograms show the distribution of lower-priced (under \$30,000 per acre) property values in each of the seven Twin Cities Metropolitan Area counties. They were generated from value estimates prepared annually by county assessors, contained in the October 2002 release of the MetroGIS Regional Parcel Data Set. Staff Paper P02-13, 2002.

[<http://agecon.lib.umn.edu/mn/p02-13.pdf>]

Estimating the Benefits of Phosphorus Pollution Reductions: An Application in the Minnesota River by Leah Greden Matthews, Frances Homans, and K. William Easter. In order to make economically efficient decisions about water quality improvements, data on both the costs and benefits of these improvements are needed. However, there has been little research on the benefits of reducing phosphorous pollution, which implies that policy decisions are not based on the comparison of costs and benefits that is essential for economic efficiency. This research attempts

to ameliorate this situation by providing an estimate of the benefits of a 40 percent reduction in phosphorous pollution in the Minnesota River. IN: *Journal of the American Water Resources Association*, v.38, no.5, October 2002.

The Economic Impact of the Health Sector on the Economy of Renville County, Minnesota by William Lazarus and David Nelson. The overall objective of this study is to measure the economic impact of the health sector on the economy of Renville County. The specific objectives of this report are to 1) summarize the direct economic activities of the health sector; 2) review concepts of community economics and multipliers; and 3) estimate the secondary impacts of the health sector on Renville County's economy. Minnesota Department of Health, Office of Rural Health and Primary Care, 2002. [<http://www.health.state.mn.us/divs/chs/rhpc/PDFdocs/oliviaimpact.pdf>]

Evaluating the Economic Impacts of an Evolving Swine Industry: The Importance of Regional Size and Structure by William Lazarus, Diego Platas, George Morse, and Steffanie Guess-Murphy. This paper analyzes the economic impacts of swine operations at the county and state level, with attention to how those impacts are affected by the underlying economic structure of the region. IN: *Review of Agricultural Economics*, v.24, no.2, Fall/Winter 2002, pp.458–473.

Faribault Business Retention and Expansion Strategies Program: Research Report and Summary Report by Michael Darger. This city of 21,000 had over 1 percent of its population directly involved in its business retention and expansion (BR&E) visitation program last year. Fully 115 volunteers participated in visits to 91 local business owners. This remarkable mobilization of volunteer effort is a noteworthy feat by itself. But the real feats are yet to come. Long-term project teams are focusing on promoting Faribault, improving its physical appearance, assisting minority businesses, clarifying economic development roles, and involving businesses in community planning. University of Minnesota Extension Service, 2002.

Hedonic Valuation of Proximity to Natural Areas and Farmland in Dakota County, Minnesota by Mary Beth Lake and K. William Easter. Open space may provide a variety of environmental services such as flood control, prevention of soil erosion, storage and recycling of wastes, and scenic views, all of which do not have traditional market values. This study accesses the value of these amenities in

Dakota County, Minnesota by estimating the marginal price of open space in proximity to housing, using the hedonic property price method. Staff Paper P02-12, 2002. [<http://agecon.lib.umn.edu/mn/p02-12.pdf>]

How Big is Minnesota's Food and Agricultural Industry? by William Lazarus. This report shows that the state's food and agricultural industry is still a significant component of the economy, although probably less so than in earlier years, due mainly to agricultural commodity price declines. Staff Paper P02-14, 2002. [<http://agecon.lib.umn.edu/mn/p02-14.pdf>]

Indicators of Social Well-Being and Elements of Child Welfare in Minnesota Rural Counties by Dario Menanteau-Horta and Michael Yigzaw. Organizational and structural conditions of rural communities and counties are significant factors in determining child welfare levels and general quality of life in rural areas. This article analyzes the relationship between elements of child welfare and an index of social well-being estimated for the state of Minnesota. The study suggests that social workers may enhance their services by considering county data that depict the viability of rural communities. IN: *Child Welfare: Journal of Policy, Practice, and Program*, v.81, no.5, September/October 2002, pp.709–735.

Local Comment: A Lack of Competition May Hike Food Prices by Richard Levins. Competition among food retailers and processors prevents price gouging. This competition, however, is being compromised by unrestricted mergers and acquisitions. Farm bill measures that encourage competition in the most concentrated sectors of the food system should be encouraged. IN: *Detroit Free Press*; November 27, 2002. And IN: *Aberdeen American News*; December 10, 2002.

Minnesota Farm Machinery Economic Cost Estimates for 2002 by William Lazarus and Roger Selley. The tables in this publication contain estimates of farm machinery operation costs for 2002. The estimates use an economic engineering approach. The data are intended to show representative farming industry cost for specified machines and operations. University of Minnesota Extension Service, 2002. [<http://www.apec.umn.edu/faculty/wlazarus/mf2002.pdf>]

Sibley County Business Retention and Expansion Strategies Program: Research Report and Summary Report by Earl Netwal and Michael Darger. A business retention and expansion (BR&E) visitation in Sibley County spurred inter-community cooperation in community devel-

opment through the 1990s. This is easier said than done in Minnesota, which has an above-average number of local government units. In 2002 Sibley conducted another BR&E program. Continued inter-community cooperation will be necessary to accomplish the four prioritized project areas: marketing the county, e-commerce education, increased business use of community technology centers, and promoting new housing. University of Minnesota Extension Service, 2002.

Suggested Procedures for Estimating Farm Machinery Costs by **William Lazarus** and **Roger Selley**. The North-Central Farm Machinery Task Force is a group of Extension economists who evaluate alternative methods for estimating farm machinery costs and make recommendations for the development of Extension materials. This paper describes the procedures and explains the rationale for each. Staff Paper P02-16, 2002.

[<http://agecon.lib.umn.edu/mn/p02-16.pdf>]

Where Does Minnesota's Grain Crop Go: An Analysis of Minnesota Elevator Grain Shipments for the Period July 1999 to June 2000 by **Jerry Fruin** and **Douglas Tiffany**. This study describes the movements of grain from Minnesota to their final destinations using a sample of approximately 100 grain elevators in Minnesota (that is, 20 percent of all elevators in Minnesota). Elevator personnel reported their monthly grain shipments by mode to each of nine destinations from July 1999 to June 2000. The researchers used this data to project grain shipments from Minnesota and each of six crop-reporting districts by grain and by transportation mode to the final destination. Staff Paper P02-9, 2002. [<http://agecon.lib.umn.edu/mn/p02-09.pdf>]

Wisconsin's Northern Pineries: A Narrative Economic History by **C. Ford Runge**. This essay provides a brief description of the economic history of the timber industry in Wisconsin, including details of the Runge family's involvement in the industry. It evaluates the constraints to production, the major methods of timber harvesting, and the men and companies that dominated the trade. It concludes that the industry left an indelible physical, economic, and institutional mark on the region. Center for International Food and Agricultural Policy Working Paper WP02-9, 2002. [<http://agecon.lib.umn.edu/mn/wp02-08.pdf>]

Upcoming Seminars in the Department

For further information on these and future seminars, see the Events section of the departmental website:

<http://www.apec.umn.edu>

April 4 - Tom Stinson, Associate Professor in Applied Economics at U of MN and Minnesota State Economist, "The Minnesota Economic Forecast," at 10:45 a.m. in 119 Classroom Office Building.

April 7 - Mike Kilgore, Assistant Professor in Forest Resources at U of MN, "Who Pays the Cost of Implementing Sustainable Timber Harvesting Practices?" at 12:00 p.m. in 230 Classroom Office Building.

April 17 - George Thornton, President and CEO of Agrialliance LLC, "The Impact of Technology and Consolidation on the Supply Chain for Farm Inputs," at 11:30 at the Four Points Sheraton Minneapolis, RSVP to Sue Pohlod, spohlod@apec.umn.edu, 612-625-8779.

April 18 - Sergio Lence, Iowa State University, "The Impacts of Different Farm Programs on Cash Rents," at 10:30 in 119 Classroom Office Building.

April 22 - Bob Berrens, University of New Mexico, "Information and Effort in Contingent Valuation Surveys: Application to Global Climate Change Using National Internet Samples," at 12:00 p.m. in 230 Classroom Office Building.

April 25 - Roger Feldman, Professor in Health Science Research and Policy at U of MN, "A Family Decision Making Model of Health Plan Choice," at 10:30 a.m. in 119 Classroom Office Building.

May 2 - Sirin Saracoglu, Ph.D. candidate in Applied Economics at U of MN, "Heterogeneous Agents, Inequality, and the Informal Sector in Developing Countries," at 10:30 a.m. in 119 Classroom Office Building.

May 9 - Brian Atwood, Dean of the Humphrey Institute at U of MN, "The Future of the Humphrey Institute and Opportunities for Collaboration with Applied Economics," at 10:30 a.m. in 119 Classroom Office Building.

Center Feature: Center for Farm Financial Management

The Center for Farm Financial Management (CFFM) is fast approaching its 20th birthday. CFFM was created in 1984 under the leadership of then director, Dick Hawkins to bring focus to the work that was being done by Extension Farm Management and, in particular, to provide support for the FINPACK farm financial planning software package. CFFM's mission is to "improve the farm financial management abilities of agricultural producers and the professionals who serve them through educational programs, software, and training."

Today, CFFM is home to ten staff members and one graduate assistant within the Department of Applied Economics. It is almost entirely self-funded through software sales, fees for educational programs, and grants. In addition to FINPACK, software developed and distributed through CFFM includes Marketeer, a commodity market planning tool, the FINPACK Business Plan, and FairRent to calculate breakeven land rental rates. CFFM software is used in nearly all 50 states, 10 foreign countries, and reaches over 40,000 producers annually.

While educational software development remains a major Center activity, CFFM's educational focus has broadened over the years. Two additional major focus areas are risk management education and commodity marketing education.

Risk Management Education: CFFM developed, manages, and supports the National Agricultural Risk Management Education Library (<http://www.agrisk.umn.edu>). This Internet-based library is a major component of USDA's risk management education initiative. Its intent is to help both producers and agricultural professionals quickly locate information, tools, and assistance relevant to specific risk management topics. The library includes fact

sheets, articles, publications, curriculums, presentations, and software on production, price, financial, legal, and human resource risk. Kevin Klair provides leadership and Chris Mikesell provides the web development expertise for the library. The site is funded by USDA-CSREES and USDA-Risk Management Agency.

Commodity Marketing Education: Bob Craven, Wynn Richardson, and Ed Usset provide leadership for the highly successful Winning the Game program and several other commodity marketing education programs. Winning the Game is a unique program that combines a marketing simulation game with instruction on developing and executing a sound marketing plan. The concept, modeled after a similar program developed by the University of Nebraska Cooperative Extension, was originally offered in Minnesota in Winter 2000 with support from the Minnesota Soybean Growers. CFFM provides training, computer support, game set up, and curriculum to Extension Regional Educators who do most of the instruction.

Future plans include a major initiative to expand FINBIN, CFFM's web-based farm financial database (<http://www.agrisk.umn.edu/Finbin.asp>). FINBIN generates reports from detailed financial data submitted by over 3000 members of farm management associations and agricultural education programs in Minnesota and North Dakota. Anyone with Internet access can use FINBIN to easily design reports such as farm profitability trends in their region, financial performance of small vs. large dairy farms, or cost of production of roundup-ready vs. conventional soybean production. CFFM recently received a grant to expand the database to include several more states. Target states include Missouri, Wisconsin, Nebraska, Michigan, and Utah.



Center for Farm Financial Management
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