Current Activities

Conservation Reserve Program Signup Options Considered
In 2007-08, contracts covering about half the acres enrolled in USDA’s Conservation Reserve Program will expire, requiring several new signups. ERS economist Daniel Hellerstein participated in an interagency team that examined various signup alternatives in terms of cost, administrative burden, and possible environmental consequences. Their goal was to provide information to policymakers who will choose among signup options. Daniel Hellerstein, danielh@ers.usda.gov

State Fact Sheets Updated
The U.S. State Fact Sheets are one of the most popular items on the ERS website (www.ers.usda.gov/statefacts/), with over 20,000 unique users each month. They contain the most current data in an easy-to-read style on population, per capita income, earnings per job, poverty rate, total number of jobs, unemployment rate, percentage employment change, farm and farm-related jobs, top export commodities, farm characteristics, and farm financial information—as well as new features, such as downloadable spreadsheets and frequently asked questions. Future enhancements will include graphical interfaces to develop charts and maps. Timothy Parker, tparker@ers.usda.gov

Examining Southeast Asia’s Dynamic Agricultural Markets
ERS is undertaking several activities to better understand the food, agriculture, and policy developments in Southeast Asia, which is both a growing market and a significant competitor for U.S. agriculture. The region, with over 500 million people, is one of the most dynamic parts of the world trade in agriculture. Rapid economic growth has led to changing diets in much of the region, fueling growing imports of feedstuffs, wheat, and processed products. Large investments in agriculture and food processing, continuing for decades, have also made Southeast Asia a major food-exporting region. ERS, with funding from the Emerging Markets Program of USDA’s Foreign Agricultural Service, is beginning collaborative work with agriculture ministries and institutes in the Philippines and Vietnam. This work includes studies of trade patterns and the broiler sector, as well as a conference session on changes in the structure of the region’s food retailing. John Dyck, jdyck@ers.usda.gov

New Releases

Family Farms Come in All Sizes
U.S. farms range in size from very small retirement and residential/lifestyle farms to establishments with sales in the millions of dollars. The organization of farming affects the efficiency and competitiveness of the farm sector, the well-being of farm households, the design and impact of public policies, and the nature of rural areas. Structural and Financial Characteristics of U.S. Farms: 2004 Family Farm Report (AIB-797) explores trends in the organization of farming, based primarily on 2001 data from the Agricultural Resource Management Survey, its predecessor (the Farm Costs and Returns Survey), and the census of agriculture. The 2005 Family Farm Report, which will feature 2003 data, will be released later this year. David Banker, dbanker@ers.usda.gov

Trade and Rural Areas
Given that American farmers produce raw farm products well in excess of domestic demand and that processing these excess products could yield additional income and jobs, rural planners have viewed the food export market as a potential base for rural development. Despite its logical appeal, it has been difficult to demonstrate the strength of this potential development effect for rural areas. A recent study by Gerald Schluter and Chinkook Lee (formerly of ERS) of the growth in U.S. meat exports in the last two decades suggests reasons for this difficulty. In “Is There a Link Between the Changing Skills of Labor Used in U.S.
Processed Food Trade and Rural Employment?” (Journal of Agricultural and Applied Economics 36(3):691-703, December 2004), the researchers show that, while the U.S. has long had an apparent comparative advantage in meat production, the growth in meat exports resulted from a combination of changes that affected the cost of production and the demand for meat, as well as changes resulting from public policy. Most, if not all, of these changes were outside the control of rural development policymakers.

Gerald Schluter, schluter@ers.usda.gov

Chesapeake Bay Regional Model Documented

The production and disposal of animal manure in the Chesapeake Bay watershed—an environmentally sensitive area with large concentrations of confined animals—is evaluated using a regional modeling framework. Technical Documentation of the Chesapeake Bay Regional Model (TB-1913) presents an overview of the modeling system, which is used to evaluate the feasibility of land application of manure as a regional manure management strategy and the effect of key policy provisions and manure use assumptions on costs to the animal sector. Results from an initial application of the model are featured in the ERS report Manure Management for Water Quality: Costs to Animal Feeding Operations of Applying Manure Nutrients to Land (AER-824).

Marcel Aillery, maillery@ers.usda.gov, and Noel Gollehon, gollehon@ers.usda.gov

Competitiveness of Food Manufacturers and Retailers

In “Change and Firm Valuation in U.S. Food Retailing and Manufacturing” (Journal of Food Distribution Research 35(2):14-25, July 2004), Bruce Bjornson (formerly University of Missouri), and Phil Kaufman examine whether profitability of large food manufacturing firms and large retail firms has shifted in recent years due to industry consolidation, expanding use of scanner data, and entry by nontraditional retailers. They also used current firm valuations to predict future change in firm profitability as a result of these developments. While returns on investment of large food retailers have been expected to increase relative to those of large packaged food manufacturers, the researchers found that this has not yet happened and that market valuations imply that retailers are not likely to gain on manufacturers in the future.

Phil Kaufman, pkaufman@ers.usda.gov

Education and Rural Communities

The No Child Left Behind Act of 2002 created a new era of increased school accountability to ensure that our public schools adequately prepare their students for the increasingly high-skill “new economy” in which we now live. In response to particular concern about the effects of these reforms in rural areas, ERS cosponsored a 2003 national conference on rural education with the Southern Rural Development Center and the Rural School and Community Trust. The key findings from the conference are presented in The Role of Education: Promoting the Economic and Social Vitality of Rural America and offer insight into the important and often fragile relationship between rural schools and communities in America. Robert Gibbs, rgibbs@ers.usda.gov

Aggregate Food Expenditures

Unlike data on physical quantities of food, food expenditure data contain information relevant to consumer choice among broadly defined food aggregates. In

“The Generalized Composite Commodity Theorem and Food Demand Estimation” (American Journal of Agricultural Economics 87(1):28-37, February 2005), ERS researchers have provided evidence that data on consumer food expenditures rather than data on physical units of food consumption is properly aggregated to provide accurate composite measures of food demand.

Al Reed, jareed@ers.usda.gov

Commodity Markets and Trade

ERS Outlook reports provide timely analysis of major commodity markets and trade, including special reports on hot topics. All reports are available electronically and can be found at www.ers.usda.gov/publications/outlook/ along with a calendar of future releases. Joy Harwood, jharwood@ers.usda.gov
Seven decades of experience with commodity-based farm programs tells us that they have effects far beyond the farm, with implications for rural businesses, residents, and communities. The link between agricultural policy and rural economies is Leslie Whitener’s latest pursuit in a career devoted to the study of rural economic and policy issues. In an upcoming conference sponsored jointly by ERS and the National Center for Food and Agricultural Policy, Leslie is assembling researchers and policy analysts to stimulate new thinking about the changing role of farm and rural policy. Leslie notes that “a clear understanding of policy objectives and intended beneficiaries must be the starting point for discussions of future policy well in advance of the next farm bill.”

During her 20-plus-year stint at ERS, Leslie has examined many aspects of rural American life, ranging from welfare reform to rural housing poverty to farm economic issues. In *A Safety Net for Farm Households* (www.ers.usda.gov/publications/aer788/), she and her co-authors considered alternative scenarios for government assistance to agriculture, based on the concept of ensuring some minimum standard of living. They found that only one safety net scenario would generate lower costs than current programs, but the distribution of benefits would change dramatically. Lower income farmers would benefit relatively more from the safety net scenarios, while farmers producing selected commodities would benefit more from the current programs.

For her dedication to community service both within and outside the workplace, the Combined Federal Campaign of the National Capital Area (CFCNCA) recently named Kathy the 2004 CFCNCA Heroine of the Year. Kathy was nominated for this award along with many other highly deserving CFC volunteers from all Federal agencies in the Washington, DC, metropolitan area and was selected as the winner out of 25 finalists. Reflecting her generous spirit, Kathy says “I’m just one of many ERS employees dedicated to community service.”