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Current Activities

A Market for Ideas

The scientific method that underpins ERS research necessarily requires that analysts be actively engaged with their disciplinary peers in agricultural and other fields of applied economics. The test of quality for a research project is whether it meets disciplinary standards in problem definition and in the application of appropriate theory and empirical methodology. Each ERS researcher, therefore, has a role to play in the scientific community, seeking review from research peers but also providing that review and working with colleagues on advancing disciplinary knowledge. While, these days, much of the collegial interaction occurs via electronic communication, there is no substitute for face-to-face conversation and debate with one's colleagues, who are located across the country and the globe.

The primary forum for real (as opposed to virtual) gatherings of peers is the annual meeting of the American Agricultural Economics Association. This year's meetings were held in Montreal jointly with the Canadian Association of Agricultural Economists and Rural Sociological Society. ERS researchers contributed more than 100 papers and presentations to the two and a half day meetings attended by some 1,800 professionals. The ERS program contributions spanned the range of the agency's subject matter, including:

- Diet and health issues with a focus on economic incentives to design more effective health policy to address obesity.

- Policies and farm practices to manage manure and improve water quality, with ERS staff analyzing farm level, regional, and national impacts of decisions to apply manure on cropland at agronomic rates so as to reduce runoff and leaching of nitrogen and phosphorous into surface and ground water.

- The effect of farm programs, including new counter-cyclical payments, on farm households and agricultural markets, analyzed in papers applying different approaches, including general equilibrium modeling and experimental economics.

- Measurements of social and economic diversity among U.S. counties, including results from research on definitions of farming-dependent counties.

Every 3 years, the International Association of Agricultural Economics convenes, and this summer the meeting was in Durban, South Africa. There, ERS organized and financially sponsored a workshop drawing on ERS research on the economics of food security to cover both domestic and international issues. In this learning workshop, titled "Food Security Measurement in a Developing World Context with a Focus on Africa," speakers described and assessed various techniques used to measure food security in the U.S. and across the globe. Included were survey-based methods ERS helped develop to assess the food security of U.S. households by asking questions about specific behaviors and conditions known to characterize households having difficulty



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meeting their food needs. ERS researchers also described collaborative work with social scientists in several low-income countries to adapt the U.S. methods for use in those countries. A panel of experts on data collection in low-income countries wrapped up the workshop with a lively discussion on concrete steps that could be taken to improve current methods.

Liberalizing World Trade in Textiles and Apparel

International trade in textiles and apparel has been governed by quantitative restrictions under the Multi-Fiber Arrangement (MFA) and earlier agreements for more than 30 years. One of the major accomplishments of the Uruguay Round was the Agreement on Textiles and Clothing, which phases out the MFA over a 10-year period that ends in 2004. Beginning in 2005, the economic landscape for global textiles and apparel will change, with implications for the cotton-producing countries around the world as well as for the economies of major yarn, fabric, and clothing exporters and importers. ERS is examining the likely impacts of textile trade liberalization on developing countries, U.S. cotton farmers, and U.S. textile workers in rural communities. Freer textile trade is expected to provide tremendous opportunities for some developing countries (such as China), but may have negative implications for countries with existing preferential trade relations with the U.S. and the European Union (such as Mexico and countries in northern Africa). **Stephen MacDonald, stephenm@ers.usda.gov**

Recent Meetings

Competing Policy Issues and Agendas for Agricultural Trade

In September 2003, ERS and the Farm Foundation are cosponsoring a 1-day agricultural trade conference: "WTO: Competing Policy Issues and Agendas for Agricultural Trade." The conference will bring together researchers, policymakers, and industry representatives to discuss issues surrounding the WTO trade talks. Topics include reforms to the European Union's (EU) Common Agricultural Policy, EU enlargement, analytical tools for trade agreements, effects of trade liberalization, and emerging issues in trade policy. The conference will be held immediately prior to a general trade policy conference at the Woodrow Wilson International Trade Center sponsored by various U.S. Government agencies, including

ERS, the U.S. Department of Commerce, and the U.S. International Trade Commission. **Suchada Langley, slangley@ers.usda.gov**

ERS Hosts Water Resources Research Coordinating Committee

In June 2003, ERS hosted a meeting of the interagency Water Resources Research Coordinating Committee, attended by representatives of the U.S. Geological Survey, NASA, the National Oceanic and Atmospheric Administration, and the Forest Service. Carol A. Jones, Marcel Aillery, and Marc Ribaud presented an overview of ERS research on water, highlighting areas in which ERS research complements the natural science research conducted by the other agencies represented at the meeting. **Carol A. Jones, cjones@ers.usda.gov**

Workshop on Farm Savings Accounts and the Farm Safety Net

In June 2003, ERS, USDA's Risk Management Agency, and the Farm Foundation sponsored a workshop on farm savings accounts and their potential to assist farmers in managing variability in farm income. Workshop attendees examined existing farm savings account programs in Canada and Australia and interacted with others currently researching the role of farm savings accounts in the U.S. farm safety net. Workshop sessions also included an assessment of current saving and investment behavior of farm households, an analysis of the variability of farm income for various farm types and sizes, and a perspective on various proposals for farm savings accounts in the U.S. **Ron Durst, rdurst@ers.usda.gov**

Contracting Takes Over Flue-Cured Tobacco Sales

In 2002, 79 percent of flue-cured tobacco was sold under contract—a dramatic change from just 4 years earlier, when virtually no tobacco production was contracted. A new ERS report, *Contracting in Tobacco? Contracts Revisited* (TBS-254-01), traces this shift to Philip Morris—the largest buyer of U.S. leaf—which indicated in a 1999 press release that tobacco sold in auction markets did not satisfy its quality requirements, necessitating a shift to contracting. Contracts typically provide farmers with incentives for producing high-quality output via higher prices. In 2001, contract prices for high-quality tobacco exceeded auction market prices, and contract prices for low-quality tobacco were less than auction market prices. **Carolyn Dimitri, cdimitri@ers.usda.gov**

Sugar Increasingly Enters U.S. in Imported Products

Demand for U.S. and imported sugar by food manufacturers has flattened since 1999, following robust growth over most of the preceding decade. For the largest sector—bakery and cereal manufacturing—sugar deliveries in 2002 are down 9 percent from 2001. Sugar consumption on a per person basis has also stagnated, reflecting a slowdown in the economy and changing dietary preferences and resulting in increased industry competition. As detailed in a recent ERS study, *Measuring the Effects of Imports of Sugar-Containing Products on U.S. Sugar Deliveries* (SSS-237-01), additional competition is coming from products that contain sugar. The economic incentive to import products that contain a high percentage of sugar can be enormous, as U.S. sugar is far more expensive than sugar from sources outside the United States. Sugar appears to be increasingly entering the U.S. in manufactured products that are not subject to tariff-rate quotas, such as items packaged for retail sale. **Steve Haley, shaley@ers.usda.gov**



Tracking Livestock Shipments

Because shipping animals is often cheaper than shipping the feed needed to raise them to slaughter weight, moving livestock from growing

areas to finishing areas results in a more efficient use of feed and forage (grass or hay) supplies, which vary in availability by region and season. *Interstate Livestock Movements* (LPDM-10801) analyzes factors influencing animal shipping patterns and provides web

access to over 300 maps illustrating State-to-State movements by species, compiled from never-before-assembled veterinary certificates issued by USDA's Animal and Plant Health Inspection Service. Information on the volume and direction of livestock movements has many uses. The effects of potential disease outbreaks, for example, are highly dependent on livestock movements. By better understanding such movements, potential outbreaks can be contained regionally, perhaps minimizing their economic impacts. **Ken Mathews, kmathews@ers.usda.gov**

Low-Income Households Spend Less on Food

Exploring Food Purchase Behavior of Low-Income Households: How Do They Economize? (AIB-747-07), a comparison of purchases by U.S. households of different income levels, finds that low-income shoppers spend less on food purchases despite facing generally higher purchase prices. Households can economize on food spending by purchasing more discounted products, favoring private-label products over brand name products, pursuing volume discounts, or settling for a less expensive product within a product class. These economizing practices allow the poor to spend less for food, despite the slightly higher prices that other studies have shown they face, on average, when shopping for food, while possibly choosing a less nutritious combination of food products to consume. **Ephraim Leibtag, eleibtag@ers.usda.gov**

USDA Food Assistance Programs in 2003: How Are We Doing?

Nearly 1 in 6 Americans is served by 1 or more of the 15 domestic food assistance programs administered by USDA at some point during the year. These programs provide needy persons with access to a more nutritious diet, provide opportunities to improve the eating habits of the Nation's children, and help America's farmers by creating an outlet for the distribution of food purchased under farmer assistance authorities. *The Food Assistance Landscape*, September 2003 (FANRR-28-3) summarizes trends in USDA food assistance programs through the midpoint of fiscal year 2003, and discusses two recent ERS studies on WIC cost containment practices and the USDA Fruit and Vegetable Pilot Program. **Vic Oliveira, victoro@ers.usda.gov**



USDA photo

Research on Child Nutrition

A new ERS publication series, *Food Assistance Research Briefs* (FANRR-34), highlights, summarizes, and explains key findings from research literature related to food assistance and child nutrition. The research briefs are topical and relevant to current debate on child nutrition, child obesity, and the role of USDA child nutrition programs in addressing child health issues. The initial 13 briefs provide analysis and information related to costs, participation, eligibility, and other aspects USDA's food assistance programs. Each issue brief within the series provides a succinct summary of ERS research on a policy-relevant topic, as well as a short resource list identifying relevant ERS research publications, web addresses, and subject matter specialists. **Joanne Guthrie, jguthrie@ers.usda.gov**

Analyzing Fertilizer Trade

ERS has developed an interactive database on fertilizer imports and exports, by fertilizer type, country, and year. This unique data source is now available on the web for the first time. Data on quantities of fertilizers exported and quantities and values of fertilizers imported are currently available for 1990-2002 and will be updated each year. The data are compiled from U.S. Department of Commerce Foreign Trade Statistics. **Wen Huang, whuang@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**