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Minnesota Applied Economist

No. 715 Summer 2005

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

Department Head's Notes

Since I last wrote, two major organizational changes have occurred for our department, one affecting our college and the other affecting our graduate program.

Changes for the College

On June 10, the University Board of Regents voted to approve a sweeping set of organizational and administrative changes proposed by President Bruininks – changes designed to make the University of Minnesota one of the top three research universities in the world. In addition to highly publicized restructuring of several colleges, including our own, the strategic positioning plan includes improvements in student services, a University-wide writing initiative, greater emphasis on international experiences for our students, and a series of administrative recommendations that will free up funds for reinvestment in academic programs by improving the efficiency and effectiveness of business practices throughout the University.

The College of Agricultural, Food and Environmental Sciences (COAFES) is part of the collegiate restructuring plan. The research, outreach, Extension and education strengths of the College of Natural Resources and COAFES will be integrated into an expanded College. This new, expanded college will better position the University to address emerging issues related to food systems, environmental sciences, renewable resources and policy. Work in our department spans across all the major program areas for the new college, and we are excited about the opportunities this change offers.

Changes in Our Graduate Program

On July 6, the Regents voted to approve significant changes in our graduate program, which will now bear the name “Applied Economics.” Economists from the Humphrey Institute of Public Affairs;

the Department of Human Resources and Industrial Relations in the Carlson School of Management; and the Department of Health Services, Research, Policy, and Administration in the School of Public Health will be joining our graduate faculty. This will make it possible for us to expand opportunities for students by offering new fields in health economics, labor economics, and policy analysis.

The impetus for this change in our graduate program dates back to the mid-1960s when Vernon Ruttan, then a new department head, began to expand the department's scope to include development economics, regional economics, and resource economics. The specific proposal for this change was initially developed nearly two years ago under the leadership of our former department head, Vernon Eidman, and

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(Department Head's Notes continued from page 2.)

our director of graduate studies, Jay Coggins. We all thank:

- Jay Coggins for his tireless dedication in drafting the proposal and shepherding it through the approval process;
- Vernon Eidman for providing the leadership to initiate this change;
- Linda Schwartz for her effective administrative support;
- Dean Charles Muscoplat from COAFES and his fellow deans from three other colleges for their strong support for this proposal; and
- colleagues in Applied Economics and in other units, who contributed ideas and effort over the past two years.

For a few days this summer we simply celebrated this accomplishment. Now we're hard at work starting to implement this important change to our graduate program.

Upcoming Events

For further information on these and future events, see the departmental website:

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

August 18 - Graduate Student Seminar with Yeonsoo Kim, Topic TBA.

August 25 - Graduate Student Seminar with Tobias Madden on "The Costs and Benefits of Using Thinkwell Curriculum in Teaching Principles of Microeconomics."

August 25 - September 5 - Minnesota State Fair

August 30-31 - New Graduate Student Orientation.

August 31 - Annual Steak Fry

September 6 - Fall Semester Begins.

Applied Economics Department Members Participate in Annual Meeting

The annual meeting of the American Association of Agricultural Economics (AAEA) was held in Providence, Rhode Island July 24–27, 2005. The annual AAEA meeting offers applied and agricultural economists an opportunity to share and learn about the latest research with others in the field. It also offers a time to network, seek employment, and socialize with long-time friends and colleagues. Many of our department members participated in the meeting in important ways. The following is a partial listing of the many contributions department members made to the meeting.

Thaddee Badibanga and Kent Olson presented, "A Bioeconomic Model of the Soybean Aphid Treatment Decision in Soybeans."

Robert Craven presented, "Enhancing Delivery and Availability of Farm Management Information," with co-authors Gregory Ibendahl from Mississippi State University, Damona Doye from Oklahoma State University, and Duane Griffith from Montana State University.

Paul Glewwe co-authored a paper titled, "Local Seed Markets and the Determinants of Crop Variety Diversity in Marginal Environments: The Case of Millet in Semi-Arid India," with Latha Nagarajan, who presented the paper, and Melinda Smale from the International Food Policy Research Institute.

Terry Hurley organized a symposium titled, "Testing the Precision Agriculture Hypothesis: Addressing the Challenges of Data Collection and Analysis," and presented, "Estimating the Value of Precision Agriculture Using Experimental Field Data: Do Spatial Econometric and Geostatistical Models Agree?" (co-authored with Kikuo "Rocky" Oishi and Gary Malzer from the University of Minnesota Department of Soil, Water, and Climate).

Robert King and Terry Hurley met with potential candidates in the Employment Center for two faculty positions open at the University of Minnesota. One position

is the Todd and Barbara Bachman Chair in Horticultural Marketing, an assistant-professor-level, joint appointment with the Department of Horticultural Science and our department. The other position is assistant professor of microeconomics and applied econometrics in this department.

Jean Kinsey moderated a symposium discussion titled, “How Changes to Our Food Supply Affect Nutrition and Food Safety,” with Andrea Carlson from USDA Center for Nutrition Policy and Promotion, Sandra Hoffman from Resources for the Future, and Victoria Salin from Texas A&M University.

Louise Letnes and Julie Kelly from McGrath Library staffed a booth for *AgEcon Search* throughout the meeting.

Shefali Mehta presented, “Optimal Bioeconomic Management Strategies for Prevention and Control of Invasive Alien Species,” (co-authored with Robert G. Haight of the USDA Forest Service, and Frances R. Homans and Stephen Polasky of our department).

Ward Nefstead presented, “Recruiting and Retaining Quality Undergraduate Students: Selling Our Programs to New Audiences,” “Classroom and Extension Teaching Topics,” and “The Use of Video Case Study Materials in an Ag Sales Class: The Apprentice Series,” (co-authored with David Johannson).

Dale Nordquist presented, “The Value of Farm-Level Data in Management Decision-Making,” and “Supporting Extension Programs with Benchmark Farm Financial Data through Multi-State Cooperation,” with Samuel Fink and Michael Langemeier of Kansas State University and Mitchell Morehart of USDA Economic Research Service.

Philip Pardey co-authored a paper titled, “Collective Action in Agricultural Research and Development,” which was presented by co-author Eran Binenaum from the University of Adelaide.

Daniel Petrolia presented, “Agricultural Drainage and Gulf Hypoxia: Economic Targeting of Farmland to Reduce Nitrogen Loads in a Minnesota Watershed,” (co-authored with David Mulla and Prasanna Gowda from University of Minnesota Department of Soil, Water, and Climate).

Terry Roe co-authored a paper titled, “The Effects of the Internet on U.S. Bilateral Trade in Agricultural and Horticultural Commodities,” which was presented by co-author Parker Wheatley from St. Johns University. Terry Roe also co-authored a paper titled, “Supermarkets and Farm Sector Links in Developing Countries: Implications to Trade and Structural Change in Agriculture,” with Agapi Somwaru and Mathew Shane from USDA Economic Research Service. The paper was presented by Mathew Shane.

G. Edward Schuh presented, “Economists in the Development Process: Roles and Opportunities.”

Ben Senauer presented, “Food Industry Response to Obesity: Threats and Opportunities,” and chaired a new AAEA Membership Committee.

Tom Stinson presented, “Estimating the National Economic Costs of Food Terrorism.”

Liaila Tajibaeva presented, “Integrated Economy of Humans and Biological Resources: A General Equilibrium Approach.”



Richard Sexton Receives Outstanding Alumni Award

Richard J. Sexton was selected as the recipient of the department's Outstanding Alumni Award for 2004–05. Rich completed an M.S. in 1980 and then a Ph.D. in 1984 in agricultural and applied economics here at the University of Minnesota. He is currently a professor of agricultural economics at the University of California Davis. He joined the agricultural economics department at Davis as an assistant professor in 1984 and assumed his current rank in 1994. He also served as chair of the department from 1994–98. Rich is a leading authority on the application of “new industrial organization” methods to agricultural markets, including applications of both cooperative and non-cooperative game theory, and the use of structural econometric models to analyze competition in agricultural industries.

Rich was raised on a small dairy farm in Minnesota and



*Terri Sexton, Professor Emeritus
Burt Sundquist, and Rich Sexton*

received B.A. degrees in economics and public administration from St. Cloud State University. After finishing his master's degree at the University and while completing his Ph.D. with Terry Roe as his advisor, he worked as a research economist and lecturer at the University of Kansas from 1981–84. Rich's dissertation won the Edwin G Nourse Award from the American Institute for Cooperation. This was the beginning of a long and distinguished list of awards for his publications, including the WAEA Outstanding Published Research Award, the AAEE Outstanding *AJAE* Article, and the European Economics Association Hicks-Tinbergen Medal. Rich was named Fellow of the American

Agricultural Economics Association at the annual meetings in 2004. In addition, Rich has served as co-editor of *AJAE*, as associate editor of *California Agriculture*, as director of the Giannini Foundation of Agricultural Economics, and as a member of the advisory board for the *Journal of Agricultural and Food Industrial Organization*.

On May 20, 2005, Rich presented a seminar in the department titled, “Worldwide Structural Change in the Food Marketing System: Implications for Producers, Consumers, and Agricultural Economists.” This was followed by the presentation of the department's Outstanding Alumni Award by Robert King and a dinner for his family and departmental faculty. Rich's wife, Terri, mother, Doris, and sister and brother-in-law, Sharron and Ed Westrom, were also present to share in this event.

Every year since 1985 the Department of Applied Economics has recognized an alum who 1) has attained unusual distinction in his or her field or profession, or 2) has demonstrated achievement and leadership on a community, state, national or international level. Candidacy is limited to students of a degree program offered by the department and the selection is made by the departmental awards committee. We are pleased to add Richard Sexton as the 20th member of this list of outstanding departmental alumni. We thank Rich and Terri for their outstanding service to the field and to the profession and look forward to their future contributions and successes.



*Rich Sexton receives award
from Department Head Rob King.*

Regents Professor G. Edward Schuh Receives Prestigious Award from the Brazilian Government

Regents Professor G. Edward Schuh recently received the National Order of Scientific Merit, Gra Cruz from the Brazilian government's Ministry of Science Technology. This is Brazil's highest scientific award and is considered the equivalent of the U.S. Presidential Medal of Freedom. In a ceremony presided over by Brazilian President Luiz Inácio Lula da Silva and the president of the Brazilian Academy of Science, Schuh was honored for his lifetime contributions to Brazil and its agricultural institutions.

Schuh is the Orville and Jane Freeman Professor of International Trade and Investment Policy at the Humphrey Institute of Public Affairs and serves as the director of the Institute's Freeman Center for International Economic Policy. Schuh also served as the dean of the Humphrey Institute from 1987–97. In addition, Schuh is a tenured professor in the Department of Applied Economics and served as the department head from 1979–84.

On learning of the award to Schuh, the dean of the Humphrey Institute, J. Brian Atwood, said, "Professor Ed Schuh has contributed so much to economic development around the globe. This award is only one of many he has received for his contribution to the effort to reduce poverty. Ed Schuh did more than anyone to create the modern and very productive agriculture sector of the great nation of Brazil. We are very proud of our former dean and grateful that the government of Brazil has conferred on him its highest award."

Schuh's accomplishments in Brazil are many—in teaching, research, and service to agriculture.

Teaching in Brazil

Schuh helped establish the first graduate program in agricultural economics at the Federal University of Viçosa in the early 1960s. The program recently graduated its 1,000th student and Schuh was invited to Brazil to celebrate the occasion.

Research in Brazil

Schuh also helped create and design Brazil's national agricultural research system, EMBRAPA, and the recent award was, in large part, a reflection of his efforts to that end. In addition, many of Schuh's former students hold positions at key research institutions throughout Brazil and Latin America.

Service to Agriculture in Brazil

During his career, from 1967 to 1972, Schuh chaired the bi-national (U.S./Brazil) committee on agricultural economics and, for a number of years, was consultant to the Secretariat of Research and Economic Analysis of Brazil's Ministry of Agriculture. Schuh is also credited with discovering and helping to correct a number of policy errors responsible for much of the poverty and uneven income distribution in rural Brazil. His suggested reforms helped modernize Brazilian agriculture. Schuh was honored for his achievements in 2004 by being named the first "Legendary Member" of the Brazilian Society of Rural Economics and Sociology (SOBER).

In addition to his work in Brazil, Schuh has also served on prestigious advisory boards under three U.S. presidents. In 1998, Schuh was appointed by President Bill Clinton as chairman of the Board for International Food and Agricultural Development, which advises the administrator of the U.S. Agency for International Development. Schuh also served as senior staff economist on President Gerald Ford's Council of Economic Advisors. And, under the Carter administration, Schuh served as a deputy under-secretary for International Affairs and Commodity Programs and as director of agriculture and rural development for the World Bank.

In summary, we are very proud to have Ed as a member of our faculty and congratulate him on this much-deserved Brazilian honor.

This story was adapted from an article (appearing in UMN News on June 9, 2005) written by Jamie Proulx, assistant director of communications at the Humphrey Institute of Public Affairs.

Two Department Members Receive Awards from the College of Agricultural, Food, and Environmental Sciences

Center for Farm Financial Management Director Robert (Bob) Craven and Applied Economics Associate Professor Elizabeth (Liz) Davis were honored at a College of Agricultural, Food, and Environmental Sciences (COAFES) Faculty Assembly on May 9, 2005. Both were selected to receive awards for their distinguished service to the college, the department, and beyond.

Robert Craven



Bob received the COAFES Distinguished Academic Staff Award for 2004–05. He is an extension economist, has been director of the Center for Farm Financial Management (CFFM) since 1997, and has held a position in the center for 23 years. In his role as director he is responsible for the leadership and management of

CFFM. The center's mission is to improve the financial management abilities of agricultural producers and the professionals who serve them through educational software and training programs. The center has eleven staff members—seven academic and four civil service. In addition, the CFFM staff work closely with a number of other faculty in Minnesota and other states. In the seven years since Bob became director, the CFFM budget increased from \$580,000 to \$1.25 million, of which 94% is generated from grants and income from sales of software and educational programs. For more information about the CFFM, see the article on page 10.

Denny Everson, president of the Agri-Business Division of the First Dakota National Bank in Yankton, South Dakota, comments on Robert's leadership of FINPACK, the center's flagship program. "FINPACK, in my opinion, has been—and continues to be—the best production/financial analysis software on the market. I attribute its past and present success to Bob's leadership. Not only is he very knowledgeable about what bankers and producers need in the way of a useable software package, he was able to develop a tremendous team to produce and support it."

Elizabeth Davis



Liz received the Distinguished Teaching Award for Non-Tenured Faculty in 2004–05. Liz joined the faculty in 1999, has a nine-month 50% teaching and 50% research appointment, and typically teaches two classes per year. Over the past six years, she has taught six different courses, three of which she developed, while also maintaining an active research program on labor economics and welfare policy.

Liz has contributed significantly to the department's teaching programs in courses ranging from the 1xxx to the 8xxx level. These include: Principles of Macroeconomics (ApEc 1102), Managerial Economics (ApEc 3002), Economic Data Analysis for Managerial and Policy Decisions (ApEc 5032), Labor Economics (ApEc 5511), Feminist Economics (PA 5611), and Labor Economics and Human Capital (ApEc 8404).

In her letter of support in Liz's nomination for this award, alumna Lauren Barrie Kreisberg speaks to the influence Liz had on her development. "Prof. Davis has been a wonderful influence for me, as a teacher and as a person. Her abilities and her knowledge about and passion for economics are wonderful to see and experience. I am proud to have taken classes with her, been challenged by her, and to call her my teacher and advisor."

Bob and Liz have made remarkable contributions to our extension/outreach and resident teaching programs. We are proud of their accomplishments and very pleased they have been recognized through these awards.

Report on 2005 Minnesota International Economic Development Conference

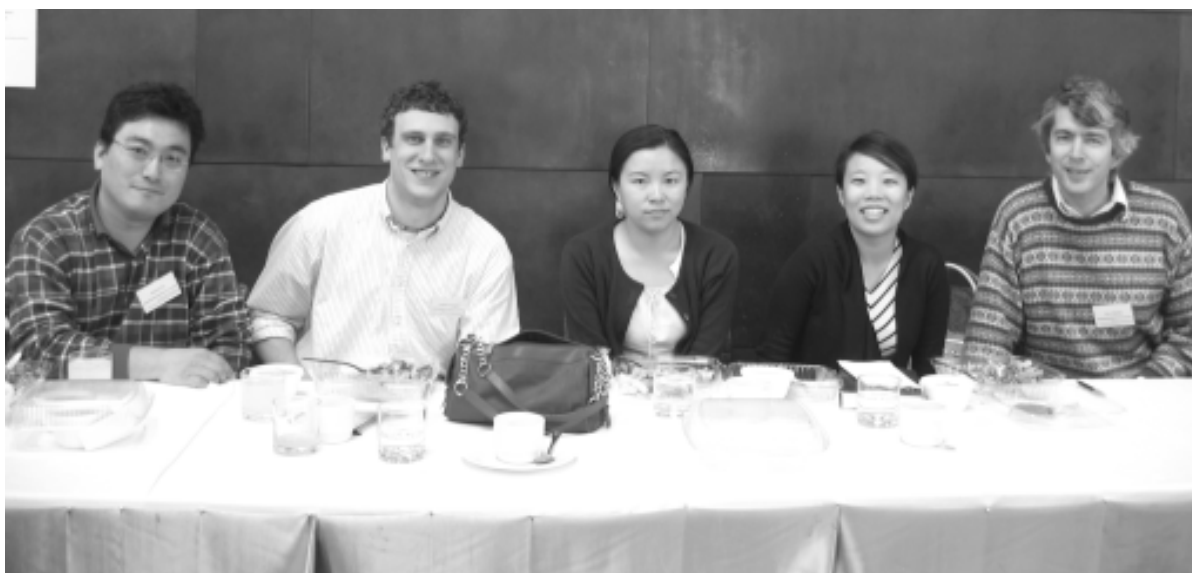
The Department of Applied Economics hosted the Second Annual Minnesota International Development Conference on April 29 and 30, 2005, at the McNamara Alumni Center. Thirty participants from various universities and research institutions presented their papers in ten sessions organized on different topics related to economic development in third-world countries. The topics included agriculture, economic growth, education, environment, gender issues, labor markets, poverty, and trade. Approximately 100 participants attended the conference, including five researchers who came from France.

The guest speaker for the conference dinner was Professor Mark Rosenzweig, who was formerly a professor in the Economics Department at the University of Minnesota but is now a professor at Harvard University's John F. Kennedy School of Government. His talk, "Globalization and Poverty Reduction in the Long and Short Run," examined India's progress in reducing poverty in rural areas.

Funding for the conference was provided by the Department of Applied Economics' Center for International Food and Agricultural Policy. Paul Glewwe was the main organizer among the department's faculty. For more information on the program, check the conference Web site at <http://www.apec.umn.edu/faculty/pglewwe/Minncnf/>. We plan to have a third conference at the same time next year.



Professor Donald Liu and department alumnus Carlo Del Ninno from The World Bank (PhD 1987).



Graduate students Namho So, Corbett Grainger, Yang Liu, and NaiChia Li enjoy lunch with conference organizer Professor Paul Glewwe.

Annual International Dinner Was a Huge Success

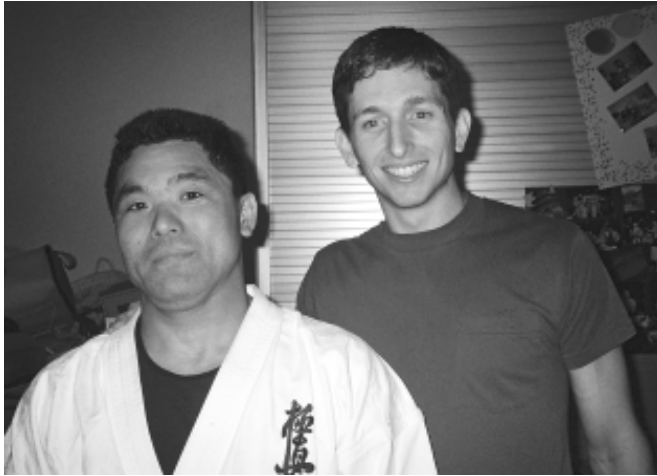
The annual International Dinner organized by the Applied Economics Graduate Student Club was held at the St. Paul Student Center on April 22. As usual, the event was well attended with over 100 people participating. Everyone contributed a dish of their choice and the end-result was a mouth-watering buffet of food from all parts of the world. This year's dinner was well organized by third-year Ph.D. student Meng Zhao, and showcased some of the department's homegrown musical and other talents. Professor Donald Liu presented an Italian opera, Professor Jean Kinsey presented pictures from her recent trip to India, and Sylvia Holtberg shared images and stories of her trip to Fiji. Graduate students also participated in the talent exposition, with an exciting karate demonstration by Rocky Oishi and Dan Petrolia, a presentation of a traditional Korean wedding by Bosu Seo, as well as a traditional Indian song sung by Kshama Harpankar. After the dinner and presentations everyone split into five groups. Each group learned a dance from a different region of the world and then presented their new skills in front of the audience. It was an excellent evening of food, entertainment, dancing, and music.



Graduate students Swati Agiwal, NaiChia Li, and Jennifer Drew



Librarian Louise Letnes with spouse Mike Thompson, Professor Liz Davis with sons Drew and Daniel Polasky



Graduate Students Rocky Oishi and Dan Petrolia



Graduate Students Amy Damon and Meng Zhao



*Professor Kent Olson and spouse Linda Olson
with Yogi Samant (spouse of Graduate Student Eva Lassemo)*



CFFM: Twenty Years and Counting

CFFM's Mission—Improving the farm financial-management abilities of agricultural producers and the professionals who serve them, through educational software and training programs.

“That was our original mission and it continues today,” says Bob Craven, director of the Center for Farm Financial Management (CFFM). Created 20 years ago with a full-time staff of three, CFFM was formed with this simple and straightforward mission to pursue.

Creating Software Packages to Help Agricultural Professionals

The original focus of CFFM was FINPACK, a financial software package. “We created FINPACK to assist agricultural lenders and professionals,” says Craven. “The program continues to evolve as agriculture has changed and the user base has grown.” Twenty years and ten versions later, FINPACK continues to roll forward as CFFM’s flagship software. Today’s FINPACK is designed with agricultural lenders and professionals, individual producers, and even students in mind. Used by 560 Extension educators and 2,300 professionals and producers in all 50 states and 22 countries around the world, it is clear that FINPACK is improving the financial-management abilities of those in the agricultural community.

Harnessing the data from FINPACK, CFFM launched FINBIN in September 2000. This web-based farm financial database provides users with free summary and benchmark reports. Data is contributed by farm management groups that utilize FINPACK as their farm business analysis program. “FINBIN is the big dog of public databases, housing information on more than 3,200 operations in five states, including Minnesota, North Dakota, Missouri, Nebraska, and Ohio—with two more states in the works,” says Bryce Knorr in his May-June 2005 article for *Farm Futures*, an agriculture-related magazine. Since its launch nearly five years ago, over 55,000 reports have been generated in FINBIN.

Educating Producers About Grain Marketing

CFFM’s educational efforts are not limited to developing software. For example, CFFM’s grain-marketing economist, Ed Usset, helped develop “Winning the Game,” a series of grain-marketing workshops that assists producers creating and implementing grain-marketing plans. Usset, along with CFFM staff and regional Extension educators have brought “Winning the Game” to over 5,500 participants throughout Minnesota. And nationally, “Winning the Game” has been brought to over 10,000 producers in more than 10 states. In 2004–05 alone, the total financial impact of the “Winning the Game” workshops was more than \$2.8 million—as measured by a survey of grain producers, who use the knowledge gained to make day-to-day grain-marketing decisions.

Reaching a Wide Audience Via the Internet

Today, CFFM reaches a wide audience via the Internet through two nationally recognized web projects it manages—an ag risk management web site and a TAA-related (Trade Adjustment Assistance) web site.

Providing Risk-Management Information to Producers

Since 1998, CFFM has been the webmaster for the National Ag Risk Education Library (www.agrisk.umn.edu), a web-based library that is a major component of the USDA’s Risk Management Education initiative. This Web site organizes thousands of risk-management materials—developed by Extension colleagues from every land-grant university in the country—and allows producers, educators, and agricultural professionals to quickly locate information, tools, and assistance on specific risk-management topics.

Helping Producers Fight Foreign Competition

During the past 30 years, Congress has passed two Trade Acts to fight foreign competition and has used commodity-specific TAA programs to aid affected producers—such as farmers and commercial fish harvesters.

(CFFM continued from previous page.)

The Trade Act of 1974 was created by Congress to provide business owners and their employees with relief from hardships created by competition from foreign imports. Recently, the Trade Act of 2002 added similar benefits for farmers. In particular, the 2002 Trade Act provides 1) technical assistance and cash benefits (through the USDA) to eligible farmers and commercial fish harvesters, and 2) access to Department of Labor retraining and education programs.

Where does CFFM fit in here? CFFM's role is to coordinate and develop the commodity-specific curriculum for technical assistance, maintain a Web site for the commodity teams, and develop a Web site (www.taafornfarmers.org) for farmers and commercial fishers. This Web site allows farmers and commercial fishers to learn more about the TAA program, find technical-assistance workshops in their area, and take a particular commodity technical-assistance course online.

Part of the challenge of implementing the technical-assistance side of the TAA program has been the diverse range of qualifying commodities. For example, in the past two years, the program has involved Pacific salmon, Maine wild blueberries, pond-raised catfish, Gulf shrimp, Florida lychees, Idaho potatoes, California olives, and Concord grapes in the northeast U.S.

Looking to the Future

Over the past twenty years, CFFM staff have found new ways to extend their mission. With this continued growth in where and how programs are delivered, the number of staff has also grown. Today, CFFM has 12 full-time employees, many who actively farm and have ties to agriculture. "Getting out to 'practice what we preach' is a real strength and adds to our credibility," says Craven. "Our mission boils down to education. Being active in the field—both literally and figuratively—gives us a chance to see approaching issues and develop new programs for the diverse audiences we serve."

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.

CONSUMPTION AND HOUSEHOLD ECONOMICS

Demand for Quality Drives Changes in Food Supply Chains by Robert P. King and Luciano Venturini.

Suppliers of high-value food products face challenges in creating and preserving the unique characteristics of their products and conveying information about those characteristics to consumers. This chapter identifies the key elements of high-value food supply chains and uses descriptions of four different high-value food products to illustrate how the locus of value creation influences supply chain design. In *New Directions in Global Food Markets*, edited by Anita Regmi and Mark Gehlhar. Washington, DC: USDA Economic Research Service, 2005. <http://www.ers.usda.gov/publications/aib794/aib794d.pdf>

Food Safety and the Codex Alimentarius: A Tortured Process by Jean Kinsey.

The safety of food and the security of the food system is an imperative for governments, food-industry vendors, and consumers. In a global economy, trade negotiations and internationally harmonized standards are usually contentious and time consuming. The debates over the identity of "Parmesan" cheese illustrate the rigorous and tedious process used to discuss and define harmonized international standards. These standards are, on one hand, based on considered scientific evidence and a careful weighing of priorities. On the other hand, they are based on the consensus of 165 countries who belong to the Commission and who choose to attend the deliberative sessions. It is a tortured and political process, but it has produced important benchmarks for food safety and the resolution of international standards. *Cereal Foods World*, v.49, no.5, September-October 2004.

Will Food Safety Jeopardize Food Security? by **Jean Kinsey**. The answer to this question is that food safety and food security reinforce each other. In other words, food safety is combined with food security in the concept of “safe food consumption.” Unsafe food consumption occurs in three ways—by ingesting known substances, ingesting suspect substances, and by hunger or over eating. Unsafe food consumption occurs when people eat food containing *known* substances (such as toxins created by botulism) that lead to short- or long-term illness or death, or by eating food containing *suspect* substances (for example, pesticides) that are believed to lead to diseases with a delayed onset. And last, unsafe food consumption occurs when hunger, over-eating, or obesity contribute to long-term illness and shorter life expectancies. Obesity, however, is not a problem unique to westernized countries; 8.2 percent of the world’s population is obese whereas 5.8 percent is underweight. The magnitude of these dual food and diet issues clearly poses new challenges for global food policy and food security. Unsafe food eaten by poor people jeopardizes their health as surely as too little food. These concepts operate in tandem: hunger and being overweight often co-exist in the same household and jeopardizes the ability of household members to earn income and, in turn, to purchase healthy food. In summary, safe food consumption is compatible and consistent with food security in all parts of the world. In *Reshaping Agriculture’s Contributions to Society, Proceeding of the Twenty-Fifth International Conference of Agricultural Economists, August 16–22, 2003, South Africa*, edited by David Colman and Nick Vink. Malden, MA: Blackwell Publishing, 2005.

PRODUCTION AND MARKETING ECONOMICS

“Anybody’s Dream”: A Decision Case of Marketing Alternative Crops by **Steve Simmons, Anita Dincesen, Helene Murraray, Tammy Dunrud, Brian Buhr, and Catherine Angle**. Decision cases have been used in the USA for both classroom and extension education within agriculture and natural resources. The use of decision cases has sometimes been limited by the extensive amount of time required to assign and analyze

conventional, text-based cases. However, the availability of video decision cases, which are visual and do not necessarily require reading, could foster the use of video-based decision cases. Although “video-enhanced” cases exist, many rely on appreciable amounts of reading and can still be time-consuming to use. The decision case, “Anybody’s Dream,” is an entirely video-formatted decision case that considers an agricultural situation and is suitable for extension, classroom, and experiential education learners. It also offers perspectives on the process of developing a video decision case. *Journal of Natural Resources and Life Sciences Education*, v.34, 2005.

Comparison of Economic and Animal Performance of Dairy Heifers in Feedlot and Pasture-Based Systems by **Margot Rudstrom, H. Chester-Jones, Pas R. Imdieke, D. Johnson, M. Reese, and A. Singh**. Today, specialized commercial heifer growing is an emerging industry in the U.S. As a result, many in the industry are interested in using pasture-based systems for raising dairy heifers as an alternative to traditional feedlots. Our study was designed to quantify animal performance and the costs associated with converting cropland to pastures and was a three-year, replicated trial. We studied a specialized commercial dairy-growing operation and compared animal performance and the economics of a feedlot-based versus a pasture-based system for raising dairy heifers. The average daily gain on the pasture system ranged from 0.90 to 0.93 kg per head, compared with 0.91 to 0.95 kg per head for the feedlot. In addition, the pasture-based system had fewer costs, averaging \$0.99 per head per day compared with \$1.28 per head per day for the feedlot. Productive cropland converted to pasture from a corn-soybean-alfalfa hay rotation was used to graze the dairy heifers. Returns from raising dairy heifers on the land exceeded the returns from growing corn and soybeans in each of the three years, and also exceeded the returns from growing alfalfa hay in the second year of the three-year rotation. In summary, heifers raised on pasture returned an average of \$268/ha over the three years. The next-greatest crop return was alfalfa hay at \$225/ha. The heifer returns were greater than corn and soybeans in each year, even when government payments were included. *The Professional Animal Scientist*, v.21, 2005.

Co-op Stock Exchange: Why Choice of Trading Rules Matters for New-Generation Co-op Stockholders by **Steven J. Holland** and **Robert P. King**.

The new generation cooperative (NGC) is an institutional innovation that has helped many farmers establish value-added processing operations that would have been impossible to capitalize with a traditional cooperative. However, concerns have begun to emerge about the vulnerability of NGCs to takeover or conversion to non-cooperative business forms. This article investigates three questions: 1) why do cooperatives often lead in the development of new types of value-added processing?, 2) when is a NGC most likely to be vulnerable to takeover by a non-cooperative firm?, and 3) how do rules and procedures for trading NGC stock affect cooperative formation and vulnerability to takeover? *Rural Cooperatives*, v.72, no.1, January/February 2005.

Distillate Usage Patterns in Minnesota: Development of Data and Tools to Analyze Policies Affecting Biodiesel Usage by **Douglas G. Tiffany**.

This study was undertaken to assist policy-makers who may suggest utilization of biodiesel blends as part of a strategy to reduce regional ground-level ozone and particulate matter near certain emitting sources. Vehicles that may be prime targets for use of higher blends of biodiesel include school buses, transit buses, road equipment, diesel-powered electrical generators, and diesel “gensets” used for emergencies and peak-shaving. A workbook model was developed to determine the amounts of 100% biodiesel (B100) needed to satisfy various blends for categories of machines in Minnesota, with special emphasis on the sources emitting the greatest amounts of pollutants in closest proximity to people. The workbook calculates the amounts of B100 needed in each county and month of the year for numerous scenarios. Such data should be helpful to fuel distributors as they determine how to supply vehicles and machines that may utilize biodiesel of various blends across the state. Staff paper P05-1, 2005.

An Economic Analysis of California Raisin Export Promotion by **Harry M. Kaiser**, **Donald J. Liu**, and **Ted Consignado**. This study investigated the effectiveness of the California raisin industry’s export promotion programs in Japan and the United Kingdom. We found

that the benefit of promotion—in terms of expanding export revenue—has been much greater than the cost of the programs. The estimated benefit-cost ratio is 5:1 for the Japanese market and 15:1 for the United Kingdom market. In *The Economics of Commodity Promotion Programs: Lessons from California*, edited by Harry M. Kaiser, Julian M. Alston, John M. Crepsi, and Richard J. Sexton. New York, NY: Peter Lang Publishing 2005.

Estimating Indemnity Payments from Crop Insurance by **Gary Hachfield**, **Robert Craven**, and **Kent Olson**.

If a farmer has purchased crop insurance, yield losses caused by frost damage may result in an indemnity payment—but the payment will depend on what type of crop insurance he or she purchased. In this article, we show how the potential indemnity payment is calculated under three types of crop insurance: Multi-Peril Crop Insurance (MPCI), Crop Revenue Coverage (CRC), and Revenue Assurance with a “fall harvest price option” (RA-HPO). University of Minnesota Extension Service, 2004. http://www.extension.umn.edu/administrative/disasterresponse/components/frost_indemnity.pdf

An Experimental Comparison of Induced and Elicited Beliefs by **Terrance M. Hurley** and **Jason F. Shogren**.

Understanding choice under risk requires knowledge of beliefs and preferences. A variety of methods have been proposed to elicit people’s beliefs. The efficacy of alternative methods, however, has not been rigorously documented. In this study, we used an experiment to test whether an induced probability can be recovered using an elicitation mechanism based on people’s predictions about a random event. We were unable, however, to recover the induced belief. Instead, the estimated belief is systematically biased in a way that is consistent with anecdotal evidence in the economics, psychology, and statistics literature. In other words, people seem to overestimate low and underestimate high probabilities. *Journal of Risk and Uncertainty*, v.30, no.2, 2005.

Global Shifts in Agro-Industrial Capital and the Case of Soybean Crushing: Implications for Managers and Policy Makers by **Peter Goldsmith, Bing Li, Jerry Fruin, and Rodolfo Hirsch**. Tremendous shifts are occurring in the location of agro-industrial capital around the globe. To focus discussion on this topic, a session was convened at the annual meeting of the International Food and Agribusiness Management Association in Montreux, Switzerland in June 2004. The session brought together researchers and industry leaders to better understand these dramatic shifts and the implications they hold for the agri-food system. This article emerged from that session. The first part of the article provides the context for the discussion by looking at global shifts in soybean processing investment. The second part details reaction by three industry panelists. *International Food and Agribusiness Management Review*, v.7, no.2, 2004.

Market Outlook for Grains 2004–05 by **Ward E. Nefstead**. This PowerPoint presentation examines the fundamental technical and behavioral factors that are expected to influence the price outlook for the major grains—corn, wheat, and soybeans—in 2004–05. Spatial maps of prices were reviewed and a marketing plan based upon this outlook was presented for a typical Minnesota farm. In *Minnesota Chapter—American Society of Farm Managers and Rural Appraisers, Proceedings, 2005 Annual Meeting, Treasure Island Casino/Hotel, Minnesota, January 26–28, 2005* edited by Ward E. Nefstead, Minnesota Chapter of the American Society of Farm Managers and Rural Appraisers, 2005.

Midwest Organic Farmers See Benefits from “Coop”-erating by **Richard A. Levins**. Farmers selling organic grain through cooperative marketing arrangements often achieved significantly higher prices in 2002 and 2003 as compared to those selling as individuals. Prices for corn, two varieties of soybeans, winter wheat, and oats were included in the analysis. *Leopold Letter*, v.17, no.1, spring 2005.

Minnesota Biodiesel Policy Analysis Tool by **Douglas G. Tiffany**. This paper includes a policy analysis tool that estimates the potential for renewable biodiesel

usage in Minnesota for various classes of vehicles and machines in individual counties and months of the year. Currently heavy trucks, school buses, transit buses, peaking and emergency generators, farm equipment, and furnaces are the main users of diesel in Minnesota. Because state and federal policies favor the production and usage of biodiesel blends, which reduce diesel emissions and restore lubricity in ultra-low-sulfur diesel fuel, three plants will start producing biodiesel in Minnesota in 2005. St. Paul, MN: Minnesota Department of Transportation, 2005.

Minnesota Farm Machinery Economic Cost Estimates for 2005 by **William F. Lazarus and Roger Selley**. This publication contains a database of information on machinery performance and costs that can be expected under typical conditions, based on a set of economic-engineering formulas and assumptions about factors such as annual usage, useful life, and operating conditions. It is used for analyzing a wide range of questions, as follows. “Can I make a profit doing custom work for the big livestock operations that have recently come into my area?” Or, “What’s a fair arrangement that a tenant farmer and landlord can use, to share the costs of new livestock-feeding equipment?” University of Minnesota Extension Service, 2004. <http://www.apec.umn.edu/faculty/wlazarus/mf2005.pdf>

Profits from Manure Power? Economic Analysis of the Haubenschild Farms Anaerobic Digester by **William F. Lazarus and Margaretha Rudstrom**. Anaerobic digestion converts volatile organic substances in livestock wastes into methane, carbon dioxide, and water. Interest in digesters was spurred in Minnesota by the installation of a demonstration digester and electrical generator at the 800-cow Haubenschild Farms dairy farm north of Minneapolis-St. Paul in 1999. This fact sheet presents an economic evaluation of the digester and the related manure-handling and electricity-generating equipment. The analysis considers the following: the investment requirements for the digester, financing, labor requirements, repairs and maintenance for the equipment involved, electricity sales and avoided purchases, LP-gas-avoided purchases, and other benefits perceived by the farm operator. In *Environmental Impacts and Economic Comparison of Alternative*

Dairy Systems, St. Paul, MN: Minnesota Project; USDA, Natural Resources Conservation Service; University of Minnesota—College of Agricultural, Food, and Environmental Sciences; University of Minnesota Extension Service, 2005.

The Relative Competitiveness of Confinement Dairies Versus Grazing Dairies by Margaretha Rudstrom. The financial performance of a large-scale confinement dairy equipped with an anaerobic digester was compared to the performance of a large management-intensive, rotationally grazed (MIRG) dairy. The MIRG dairy had a higher net farm income per cow, a higher rate of return on assets, and a lower rate of return on equity than the confinement dairy. In *Environmental Impacts and Economic Comparison of Alternative Dairy Systems*, St. Paul, MN: Minnesota Project; USDA Natural Resources Conservation Service; University of Minnesota Extension Service, 2005.

The Scale Efficiency of Local Supply and Grain-Marketing Cooperatives in the Upper Midwest by Michael R. Thomsen and Vernon R. Eidman. Consolidation has been a trend among local cooperatives for most of the past century. Earlier studies show that these cooperatives face size-related economies and that consolidation is to be expected as cooperatives seek to improve their efficiency and competitiveness. In this article we revisit questions about economies of scale, using data from 377 local cooperative associations in operation during the 1990s. Methods involve using non-parametric cost frontiers that enabled us to distinguish the effects of scale inefficiency from other production inefficiencies. Our results suggest that many local cooperatives are at, or near, an efficient scale of operation. *Journal of Cooperatives*, v.18, 2004.

Southeastern Minnesota Farm Business Management Association 2004 Annual Report by Dale W. Nordquist and Lorin L. Westman. Average net farm income was \$113,462 in 2004 for the 46 farms included in this annual report of the Southeastern Minnesota Farm Business Management Association. This is a 32% increase from 2003. In constant dollars, 2004 was the most profitable year for association members in over 20

years. Higher crop prices, higher corn yields, and high profits for dairy operations were factors that combined to make 2004 a very profitable year for the average association farm. The full report provides additional information on profitability, liquidity, and solvency as well as other whole-farm information. Staff paper P05-5. <http://agecon.lib.umn.edu/mn/p05-05.pdf>

Southwestern Minnesota Farm Business Management Association 2004 Annual Report by Dale W. Nordquist, James N. Kurtz, Rob Holcomb, and Garen J. Paulson. Average net farm income was \$98,362 in 2004 for the 125 farms included in this annual report of the Southwestern Minnesota Farm Business Management Association. This is a 2% increase over the average income of \$96,404 in 2003. In constant dollars, 2004 was the third most-profitable year for association members in the past 20 years. Higher crop prices, outstanding corn yields, and high profits for hog operations were factors that combined to make 2004 a very profitable year for the average association farm. The full report provides additional information on profitability, liquidity, and solvency as well as other whole-farm information. Staff paper P05-4. <http://agecon.lib.umn.edu/mn/p05-04.pdf>

PUBLIC AND COMMUNITY ECONOMICS

Attributes and Amenities of Highway Systems Important to Tourists by William C. Gartner and Daniel L. Erkkila. Eleven road segments in Minnesota were examined in a user survey that addressed road travelers' preferences about the physical characteristics, aesthetics, and amenities of that segment. The user survey was based on earlier focus-group work. Results indicated that road travelers were able to differentiate between physical- and socially derived attributes, and between amenities associated with a particular roadway. Roads do have character, and users are able to identify and evaluate characteristics specific to each road segment. *Transportation Research Record: Journal of the Transportation Research Board*, no.1890, 2004.

Bachmann's Assault on the Constitution: She Aims to Undercut the Courts by C. Ford Runge. For a lawyer and a legislator running for Congress in Minnesota's 6th District, State Senator Michele Bachmann has some unusual views. Bachmann's assault on the Constitution is thus both frontal and insidious. It is frontal in her contempt for the courts and the states as well as the U.S. Supreme Court and the First Amendment. It is insidious in her willingness to amend the Constitution and emasculate the courts in order to bend opponents of her jihad to her will. For an elected official who swore to uphold the Constitution as it is—not as she would like it to be—these are extreme positions indeed. *Star Tribune*, v.24, no.11; April 15, 2005.

Book Review of *The Property Tax, Land Use and Land Use Regulation*, edited by Richard Netzer. Northampton, MA: Edward Netzer in association with the Lincoln Institute of Land Policy, 2005 (Studies in Fiscal Federalism and State-Local Finance) by Laura Kalambokidis. The local property tax is the largest source of tax revenue for local government in the U.S. and the primary source of local government education spending. It is also an important land-use management tool for local governments. Which of these roles we focus on determines which of the characteristics of the tax we want to examine. This volume, focusing on the latter role, examines the impact of property taxes on land use and compares the effectiveness of taxes and direct regulation as land-use management tools. *Journal of Regional Science*, v.45, no.2, May 2005.

Bush Social Security Plan Defies Economic Logic by C. Ford Runge. The Bush administration is selling private retirement accounts on two grounds: choice and enhanced returns. In principal, choosing to put your retirement money in private accounts will enhance your retirement income. But the idea's economic logic is fatally flawed. The ironic result is that the scheme will actually limit choice, reduce average returns, and, thus, threaten the security of future income to seniors. *St. Paul Pioneer Press*; January 23, 2005.

The Future of Ethanol: To See the Political Nature of Fuel Subsidies, Look at Who Reaps the Biggest Profits by C. Ford Runge. Ethanol subsidies are mainly

about politics, not economics. If Minnesota really wanted to invest in renewable fuels, it would put its money into research to build the ultimate flexible-feedstock stills and processing plants—in other words, ethanol plants capable of using, at any particular time, the cheapest raw materials available. *Star Tribune*, v.24, no.13; April 17, 2005.

Get Ready for a Tsunami of Scandals by C. Ford Runge. Bush constantly repeated in campaign mode that “9/11 changed everything.” Part of the “everything” that did *not* change, are three stubborn facts. First, whether or not elections in Iraq are “successful,” (the elasticity of which adjective we await), the country remains in chaos and young Americans die needlessly every day from a lack of logistical- and equipment support that is militarily inexcusable and directly traceable to the Pentagon. Second, the Medicare, Medicaid, and private health-care crisis is so pervasive and so near at hand that it threatens nearly every American with any health costs, except those wealthy enough to pay them entirely from their own wallet. Third, in an economic equivalent of the assertion that “after 9/11, water started to run uphill,” the delusional pattern of federal deficit spending is inviting banks and fund managers to dump dollars and buy euros, which will force the Fed to bid up interest rates and raise the costs of both living and borrowing to live. *Star Tribune*, v.23, no.277; January 6, 2005.

Intellectual Property Rights and the Land-Grant Mission by G. Edward Schuh. This article is divided into three parts. The first part provides a review of the concept of a land-grant college or university and its mission. The second part provides a brief discussion of the evolution of land-grant universities over time. And the third part discusses the issue of intellectual property rights and the future of the land-grant universities. *Minnesota Journal of Law, Science and Technology*, v.6, no.1, December 2004.

A Leap of Faith into More Gambling by C. Ford Runge. Governor Tim Pawlenty—like many members of the Legislature—wears his religion on his sleeve. He is also a supporter of gambling, euphemistically called “gaming.” Why does a good Christian like the governor

support spending taxpayer dollars to build a casino? The answer is not redeeming: it's about money and ambition. Pawlenty made a pact with his own devil—the Taxpayers League of Minnesota. *Star Tribune*, v.23, no.308; February 6, 2005.

A New Campaign Against Indians by C. Ford Runge. When the original compact on gambling was struck in 1987, the sovereign status of the tribal reservations provided a haven for what would otherwise have been illegal under Minnesota law. Today, Pawlenty seeks to extend this activity to the state as a whole, and threatens to take away a part of the tribes' revenue if they fail to cooperate in filling the budgetary rathole he created with his "no new taxes" mantra. *Star Tribune*, v.23, no.340; March 10, 2005.

States' Responses to the Budget Shortfalls of 2001–04 by Laura Kalambokidis and Andrew Reschovsky. Despite the fact that the recession that began in 2001 was both short and mild, in the last three years most state governments have endured their worst fiscal crisis since perhaps the Great Depression. States responded to the recent fiscal crisis by depleting reserves, cutting spending (including such traditionally protected areas such as K-12 education), implementing aggressive Medicaid cost-containment, and raising selected fees and taxes. States have not yet enacted tax reform that could hold back the eroding sales and corporate-tax bases, and property taxes are likely to suffer declining support from an aging taxpayer population. At the same time, pressure persists to increase state spending, particularly on the big-ticket categories of education and Medicaid. In sum, state and local budget crises are likely to become an annual occurrence and finding solutions will become increasingly more difficult. *Challenge*, v.48, no.1, January-February 2005.

A Synthesis of Tourism Trends by William C. Gartner. The publication is a chapter in a book with companion chapters authored by Fellows of the International Academy for the Study of Tourism. Five major tourism trends and their implications are examined. The trends discussed in depth are: Consolidation, Consumption Center Development, Devolution, Public Involvement,

and Research Coming of Age. In *Tourism Development: Issues for a Vulnerable Industry*, edited by Julio Aramberri and Richard Butler. Buffalo, NY: Channel View Publications, 2005.

Urban and Rural Differences in Utilization of State Earned Income Tax Credit Programs: Minnesota's Experience by Donald P. Hirasuna and Thomas F. Stinson. This paper examines utilization rates of Minnesota's earned income tax credit program by households on welfare from 1992 through 1999. We examine urban and rural differences in the rate of filing an income tax return and receiving the earned income tax credit. Tabulations show that urban areas have the lowest utilization rates, but are catching up in both income tax filing rates and earned income credit receipt rates. Regression analyses identify correlates to urban-rural differences. A modeling exercise examines how urban and rural households might respond to a 10 percent increase in the credit. Finally, policy suggestions are offered, which are relevant to urban and rural areas and are appropriate for other states. Rural Poverty Research Center Working Paper 04-08, 2004. <http://www.rprconline.org/WorkingPapers/WP0408.pdf>

RESOURCE AND ENVIRONMENTAL ECONOMICS

Book Review of *The Farm as Natural Habitat: Reconnecting Food Systems with Ecosystems*, edited by Dana L. Jackson and Laura L. Jackson; Washington, DC: Island Press, 2002 by Richard A. Levins. The traditional approach to habitat management in farm country has been to set aside land that will not be farmed for wildlife. This book makes an interesting case for farming practices that better support wildlife habitat as part of the farming operation. *Great Plains Research*, v.15, no.1, 2005.

Bt Corn Farmer Compliance with Insect Resistance Management Requirements: Results from the 2002 Minnesota and Wisconsin Farm Polls by Frederick Buttel, Jeanne Merrill, Lucy Chen, Jessica Goldberger, and Terrance Hurley. The U.S. Environmental Protection Agency (EPA) registered Bt

corn in 2001 with mandatory insect resistance management (IRM) requirements in order to promote sustainable use by farmers. Since then, studies report IRM compliance rates ranging from 80 to 90 percent. Using survey data from Minnesota and Wisconsin, we show that previous compliance-rate estimates are likely too high, because they do not use a comprehensive measure for compliance. With a more comprehensive measure, we find compliance rates ranging between 60 to 75 percent. Staff paper P05-6.

<http://agecon.lib.umn.edu/mn/p05-06.pdf>

Environmental Benefits of Cropland Conversion to Hybrid Poplar: Economic and Policy Considerations by Karen Updegraff, Melvin J. Baughman, and Steven J. Taff. To evaluate environment benefits that might accrue from conversion of farmland to short-rotation woody crops, a hypothetical conversion of 10%, 20%, and 30% of cropland was modeled in a watershed of the Lower Minnesota River. The analysis synthesizes output from a watershed model (ADAPT), with literature-based estimates of productivity and economic values for water quality, forest conservation, and carbon sequestration. *Biomass and Bioenergy*, v.27, no.5, November 2004.

Estimating the Potential Gains from Water Markets: A Case Study from Tunisia by Slim Zekri and K. William Easter. Water markets can improve water-use efficiency through the transfer of water to users who can obtain the highest marginal return from using it. Existing water markets are implemented among farmers or between farmers and urban water companies or hydropower companies. Several studies have shown that farmers may benefit from trading water—such as countries where water scarcity is increasing and new water supply projects are either very costly or not possible because of environmental concerns. This paper estimates the potential benefits and losses of implementing water markets among farmers, and between farmers and an urban water company in Tunisia. *Agricultural Water Management*, v.72, no.3, April 2005.

Irrigation Water Pricing: Policy Implications Based on International Comparisons by Yacov Tsur, Ariel Dinar, Rachid M. Doukkali, and Terry Roe. This

paper is concerned with the regulation of irrigation water via pricing. The main concepts underlying efficient water use are first discussed and then applied in actual practice to demonstrate empirically how readily available data can be used to implement pricing schemes that achieve efficient allocation of water. The policy discussion also includes equity considerations. The empirical findings, however, reveal that water prices have a small effect on income distribution within the farming sector, thereby supporting the view that after-pricing should be designed primarily to increase the efficiency of water use, leaving income distribution considerations to other policy tools. *Environment and Development Economics*, v.9, part 6, 2004.

Markets and Rent Dissipation in Regulated Open-Access Fisheries by Frances R. Homans and James E. Wilen. Using a model of regulated open-access resource use with markets, we illustrate the potential complexity of interactions between markets, product quality, excess effort, and regulatory behavior in fisheries. Our model assumes two product types, one of which is processed and storable. The model describes the equilibrium that results when effort responds to open-access incentives, and then regulators respond to effort growth by mitigating its potential harmful effects on biomass safety. We use numerical simulations to demonstrate a mechanism by which market growth leads to the diversion of raw inputs into the inherently inferior market. The result is a scenario in which rents are dissipated, not only because excessive inputs raise costs, but also because inferior product types reduce revenues. We conclude with an illustrative decomposition of rent gains into revenue and cost savings gains from rationalizing a hypothetical fishery, demonstrating the potential significance of market-side rents. *Journal of Environmental Economics and Management*, v.49, no.2, March 2005.

Targeting Agricultural Drainage to Reduce Nitrogen Losses in a Minnesota Watershed by Daniel R. Petrolia, Prasanna H. Gowda, and David J. Mulla. Agricultural nitrogen losses are the major contributor to nitrogen loads in the Mississippi River and, consequently, to the existence of a hypoxic, or “dead,” zone in the Gulf of Mexico. Focusing on two small agricultural watersheds in southeast Minnesota, simulation

results taken from the Agricultural Drainage and Pesticide Management (ADAPT) model were combined with a linear-optimization model and used to evaluate the environmental and economic impact of alternative land-use policies for reducing nitrogen losses. Of particular importance was the study's explicit focus on agricultural subsurface (tile) drainage, which has been identified as the major pathway for agricultural nitrogen losses in the Upper Midwest, and the use of drainage-focused abatement policies. Results imply that although tile-drained land is a major source of nitrogen lost to waterways, it is not cost-effective to remove the land from production or to remove the drainage from the land. Because of its value to agricultural production, it is better to keep tile-drained land in production under nutrient management and focus retirement policies on relatively less-productive non-drained land. Staff paper P05-2.

<http://agecon.lib.umn.edu/mn/p05-02.pdf>

Tracking the Effects of Conservation Easements on Property Tax Valuations by **Kshama Harpankar and Steven J. Taff**. We establish a procedure to track the tax valuation history of properties that are fully or partially restricted with conservation easements to test the assertion that easements will result in lower property valuations. Easements didn't decrease property valuations; they merely decreased the rate of value for the affected properties. On average, the restricted properties' valuations increased at a rate lower than did those for unrestricted properties—but not always, and certainly not uniformly. Valuation policy is specific to the local tax assessor; thus, no sweeping assertions about easements and property taxes is warranted. Staff paper P04-11. <http://agecon.lib.umn.edu/mn/p04-11.pdf>

Valuing Ecosystem Service: Toward Better Environmental Decision-Making by **Stephen Polasky, et al.** Ecosystems provide a range of valuable goods and services. Providing estimates of value of these services requires understanding and integrating ecology and economics. This report summarizes what we currently know about valuing ecosystem services, and makes recommendations on how such valuation can be improved. National Research Council, Division on Earth and Life Studies, Water Science and Technology Board, Committee on Assessing and Valuing the Services of Aquatic

and Related Terrestrial Ecosystems. Washington, DC: National Academies Press, 2004.

Valuing Urban Wetlands: A Review of Non-Market Valuation Studies by **Tracy Boyer and Stephen Polasky**. Wetlands provide a range of valuable ecosystem services from water purification and nutrient retention to recreation and aesthetics. The value of these services is often difficult to quantify and document to policy makers and the general public. Economists have developed non-market approaches to address difficult issues related to the valuation of the environment. This paper reviews recent literature on non-market valuation as applied to wetlands—with a particular focus on the value of urban wetlands. *Wetlands*, v.24, no.4, December 2004.

Weighing Conservation Objectives: Maximum Expected Coverage Versus Endangered Species Protection by **Jeffrey L. Arthur, Jeffrey D. Camm, Robert G. Haight, Claire A. Montgomery, and Stephen Polasky**. Decision makers involved in land acquisition and protection often have multiple conservation objectives and are uncertain about the occurrence of species or other features in candidate sites. Models informing decisions on selection of sites for reserves need to provide information about cost-effective trade-offs between objectives and account for incidence uncertainty. We describe a site-selection model with two important conservation objectives; maximizing the expected number of species represented, and maximizing the likelihood that a subset of endangered species is represented. *Ecological Applications*, v.14, no.6, December 2004.

TRADE AND DEVELOPMENT ECONOMICS

Applied Dynamic Macroeconomics: ERS Seminar-Workshop by **Terry Roe**. The USDA's Economic Research Service is focusing on the effect of a depreciation on U.S. agricultural exports. The decline in the value of the U.S. currency, relative to the currency of its major trading partners, should cause an increase in demand for U.S. agricultural exports. This seminar focused on the macroeconomics causing the change in the value

of the U.S. currency, and how these fundamental factors can be measured. The methodology developed will support the agency's efforts to increase the competitiveness of U.S. agricultural exports in foreign markets. Workshop Seminar Paper presented to the Macroeconomics Team, USDA Economic Research Service, April 20, 2005.

Creating, Protecting, and Using Crop Biotechnologies Worldwide in an Era of Intellectual Property by **Philip G. Pardey, Bonwoo Koo, and Carol Nottenburg**. Proponents tout the positive incentive-to-innovate effects of intellectual property rights (IPRs), while others maintain that the expanding subject matter and geographical extent of IPRs are stifling crop research—especially research and development (R&D) dealing with developing-country crop concerns. Much of this debate relies on anecdotes and misleading or incomplete evidence on the extent and nature of the IPRs pertaining to crop technologies, including the jurisdictional extent of the property rights and their practice. In this paper the authors review the evidence on the scope of agricultural R&D worldwide, provide new data on the structure of crop-related IPRs, and summarize trends on the uptake of proprietary bioengineered crops. *Minnesota Journal of Law, Science, and Technology*; v.6, no.1; December 2004.

D. Gale Johnson: 1916–2003: A Biographical Memoir by **Vernon W. Ruttan, James J. Heckman, and G. Edward Schuh**. D. Gale Johnson was a scholar of exceptional breadth who made original and important contributions to economics and to public policy. In his early work he contributed to our knowledge of the sources of instability in national and international commodity markets. In his later work he addressed the sources and consequences of the failure of socialized agriculture in the former Soviet Union and in China. *Biographical Memoirs*, v.86, 2005.

Economic Analysis of Water: Micro-Macro Linkages and Implications Sequencing Policy Reform by **Terry Roe**. Over three billion of the world's population live in countries classified by the World Bank as water scarce. Agriculture in many countries consumes over 70% of a country's mobilizable water resources.

This presentation showed that establishing water rights so that markets can determine the true scarcity of water, is not sufficient, in itself, to help water be allocated to its most-productive uses. In a globalized world economy, trade policy that distorts world agricultural prices, also causes an uneconomic allocation of water. Further, since water is difficult to transport and prone to externalities—as is the case with open-access aquifers—linkages between the macroeconomic effects on water must be traced back to individual regions and sectors in order to design better water policies. Presentation made to the Rio Bravo Workshop, University of California Davis, March 31–April 3, 2005.

Feedback Links Between Economy-Wide and Farm-Level Policies: Application to Irrigation Water Management in Morocco by **Terry Roe, Ariel Dinar, Yacov Tsur, and Xinshen Diao**. This paper focuses on policy interventions for improving water allocation decisions by including both macro and micro considerations in a unified analytical computable general equilibrium (CGE) framework. The approach is demonstrated, using the case of Morocco, by analyzing selected policy (top-down and bottom-up) interventions and external shocks that affect the water sector. Both direct and indirect effects of these interventions are identified. The top-down (macro-to-micro) links are of a trade reform type. The bottom-up (micro-to-macro) links pertain to changes in farm water assignments and the possibility of water trading. We find that water productivity is strongly influenced by these policies, with the general equilibrium (indirect) effects modifying—and sometimes reversing—the partial equilibrium (direct) effects. We also find that the impacts of the two reforms we assessed are different, with trade reform having an absolute impact of a higher magnitude than the water reform. Finally, we show that the sequence of introducing the policy reforms has different consequences. Washington, DC: World Bank Policy Research Working Paper 3550, 2005.

The Global Impact of Agricultural Liberalization and Links to Economic Growth by **Terry Roe, Xinshen Diao, and Agapi Somwaru**. This paper focuses on the static and dynamic effects resulting from the global liberalization of agricultural policies and dis-

cusses the effects of trade-induced institutional change. The analysis shows that total liberalization can cause the index of world agricultural prices to rise by almost 12 percent. Tariffs account for over 50 percent of this rise, domestic support for 30 percent, and export subsidies for about 13 percent. The countries contributing most to distortion in world prices, ranked from highest to lowest, are the E.U., the U.S., followed by Japan and Korea. However, due to differences in their agricultural trade pattern, the effects of liberalization have differential impacts on the world's developing countries. Since the liberalization of policies in the U.S. and the E.U. will most surely need to be linked to decoupled compensatory payments, an intertemporal analysis of U.S. decoupled payments shows that they are unlikely to be coupled in a real economy. Invited paper presented at the Conference on Liberalization and the Future of Agricultural Policy; Paris, France; October 7–8, 2004.

The Globalization of Food Systems: A Conceptual Framework and Empirical Patterns by **Benjamin Senauer** and **Luciano Venturini**. This paper discusses a number of stylized facts and empirical patterns regarding agri-food trade flows as well as foreign direct investments in food processing and retailing. This evidence supports the hypothesis of an increasingly global food system. We identify the main factors at work such as push/supply side, pull/demand side, and enabling/external factors. We show how the shift from national to global retailing is a recent phenomenon, whose relevance for the globalization of upstream sectors of the food system are not yet appropriately addressed. Broadly, we argue that while the process of food globalization has long been regarded as a process largely dominated by the internationalization of food manufacturing, the emergence of global retailers is a further powerful engine of globalization that will exert a powerful impact with far reaching implications for the competitive environment and the rules of the game in food systems. The Food Industry Center Working Paper 05-01, 2005.

Harmonizing Dairy and Trade Policy: What Can We Expect from the WTO? by **Terry Roe**. This presentation discussed the source of discord among members of the World Trade Organization (WTO), and how this discord is likely to impact the dairy industry. The

point is made that, for most advanced countries, agricultural reform under the WTO is about special interests, whereas for developing countries, it is about development. For example, developing countries, feeling left out of the last round of negotiations, are pushing for larger reforms in basic sectors (such as cotton and sugar) and for decreased protection in advanced countries. Reform should benefit the dairy sector, but pessimism prevails as to the possibilities for a successful round. Presentation made to the Minnesota-Wisconsin Dairy Policy Conference; Bloomington, MN; April 4, 2005.

Intellectual Property Strategy in the Context of Inter-Organizational Relations: The Case of International Agricultural Research by **Eran Binenbaum** and **Philip G. Pardey**. In recent decades, intellectual property (IP) strategy has become a more prominent part of the management of many organizations. This chapter demonstrates the complexity of IP strategy. Using a taxonomy of inter-organizational relations, the authors discuss the IP strategies of the Consultative Group on International Agricultural Research (CGIAR); the core content of the chapter, however, is methodological and has much wider applicability. The ideas discussed apply to non-profit and for-profit organizations as well as to other aspects of strategic management—such as funding, partnering and technology positioning. In *The Regulation of Agricultural Biotechnology*, edited by R.E. Evenson and V. Santaniello. Wallingford, UK: CABI Publishing, 2004.

Issues in Economic Policy Design in the Transitional Countries of Central and Eastern Europe by **G. Edward Schuh**. This paper briefly describes the background for the changes that had to be addressed in shifting from the previous centrally planned economy to a market-based economy. The paper also discusses some of the major issues to be addressed in making the transition. Paper presented at the Conference on Fifteen Years of the Humphrey Institute Involvement in Transforming Central and Eastern Europe: Lessons Learned and New Challenges. A Symposium Celebrating Ten Years of the Center for Nations in Transition. Humphrey Institute of Public Affairs; December 17, 2004.

The Link Between Poverty and Undernourishment: Uncovering a Methodological Flaw—Reply by Ben Senauer and Mona Sur. This reply responds to a paper by Gabbert and Weikard that questions some aspects of the methodology used in the earlier award-winning article by Senauer and Sur entitled, “Ending Hunger in the 21st Century: Projections of the Number of Food Insecure People.” In their reply, Senauer and Sur accept some of the suggestions as potential improvements but reject others as inconsequential or seriously flawed. *Review of Agricultural Economics*, v.27, no.1, spring 2005.

Military Procurement and Technology Development by Vernon W. Ruttan. The purpose of this paper is to demonstrate that military and defense-related research and procurement have been a major source of commercial technology development across a broad spectrum of industries that account for an important share of industrial production in the U.S. The paper discusses the development of five general-purpose technologies: 1) military and commercial aircraft, 2) nuclear energy and electric power, 3) computers and semiconductors, 4) the Internet, and 5) the space industries. The defense industrial base has become a smaller share of the industrial sector, which itself is a declining sector in the U.S. economy. It is doubtful that military and defense-related procurement will again become an important source of new general-purpose technologies. When the history of U.S. technology development for the next half century is eventually written, it will almost certainly be written within the context of slower productivity growth than the relatively high rates that prevailed in the U.S. through the 1960s and during the information technology bubble that began in the early 1990s. Staff paper P05-3, 2005.

Social and Economic Issues in Agricultural Intensification by G. Edward Schuh. This chapter addresses three issues that tend to be neglected when promoting agricultural intensification in the developing countries: 1) the influence of the resource endowment on the development and adoption of production technology, 2) the role of externalities as these affect the merits of subsidies to promote the use of fertilizer and other modern inputs, and 3) institutional design and development as a component of policy reform. The main focus of this dis-

cussion is on Sub-Saharan Africa but these issues are important in other parts of the world as well. On the third issue, the emphasis is on institutional design for operating in an open international economy. In *Sustainable Agriculture and the International Rice-Wheat System*, edited by Rattan Lal, Peter R. Hobbs, Norman Uphoff, and David O. Hansen. New York, NY: Marcel Dekker, 2004.

The Unexamined Assumptions of Intellectual Property: Adopting an Evaluative Approach to Patenting Biotechnological Innovation by Richard E. Gold, Wen Adams, David Castle, Pamela J. Smith, et al. In this article, the following four assumptions are investigated for the purposes of illustrating the manner in which intellectual property issues are currently framed: 1) that patents improve economic efficiency by encouraging invention and disclosure of new inventions; 2) that patents represent the optimal public-policy tool to stimulate research and development; 3) that patents create “equity gradients” between those with, and those without, patent rights; and 4) that patents are ethically neutral in the sense that they do not significantly create, magnify, or diminish ethical concerns that already exist. Part II of this paper explains why the validity of these largely unexamined assumptions is open to question. The analysis in Part III demonstrates that the authors’ proposed conceptual framework of seven transdisciplinary, evaluative probes, provides a more effective and comprehensive analysis of patent systems and their social effects at both the domestic and international level. *Public Affairs Quarterly*, v.18, no.4, October 2004.

Career Services Available to University of Minnesota Alumni

The St. Paul Campus Career Center offers career-related services and resources for students of the College of Agricultural, Food, and Environmental Sciences; the College of Natural Resources; and the College of Human Ecology. The office also works closely with companies and organizations interested in recruiting students for internships and/or full-time employment. The link to students does not end with graduation. The St. Paul Campus Career Center offers a range of services and referrals for alumni who are job seeking, career changing, or interested in recruiting high-quality interns or employees to their current employer.

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Recent alumni who are within two years from graduation, may continue to use the full range of services including individual appointments with a career counselor, mock interviews, drop-in resume critiques, access to the job-posting system, resource room usage, and workshops. On-campus interviewing is available to recent graduates upon approval of the particular employer.

Alumni who are two or more years from graduation are welcome to use the Career Center resource library, job-posting system, and Web resources on an unlimited basis. These alumni may also meet with staff for a one-hour consultation to answer basic questions and for referrals to appropriate services. Alumni career needs at this stage are often best served by career professionals who specialize in mid-level careers.

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In addition to the St. Paul Campus Career Center, the University of Minnesota Alumni Association (UMAA) also has some exciting new career services available to alumni, including a job-posting system and a networking database. Visit the Web site at http://www.alumni.umn.edu/Career_Resources_Mentoring.html to view the resources available to UMAA members.

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The St. Paul Campus Career Center is located in 198 McNeal Hall, 1985 Buford Avenue on the St. Paul campus, and the Web site is <http://stpaulcareers.umn.edu>. The center is open 8:00 a.m. to 4:30 p.m. Monday–Friday. Center staff can be contacted at 612-624-2710 or spccc@umn.edu.

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