



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

1st Quarter 2001

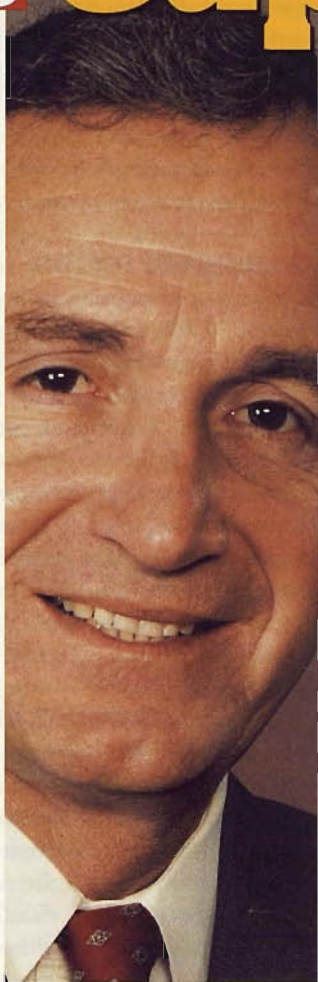
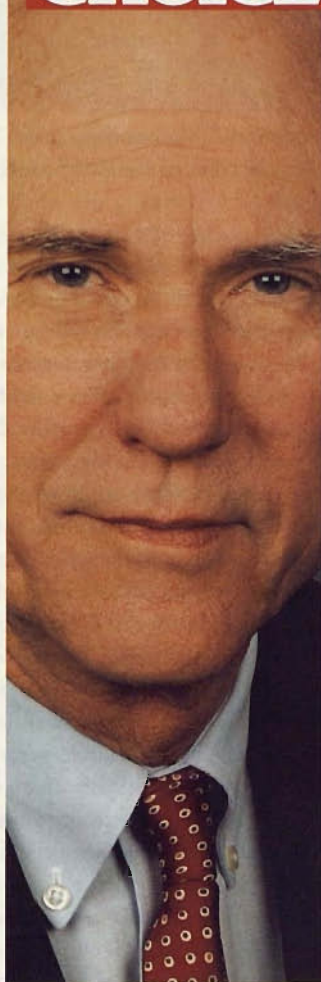
CHOICES

THE MAGAZINE OF FOOD, FARM, AND RESOURCE ISSUES



**FARM
BILL 02
CHOICES**

All Eyes On Capitol Hill



ALSO: Pre-FAIR, Post-FAIR...Fair Enough?

p. 10

Wanted: A Rural Public Policy

p. 26

So They Say

What agricultural and resource economists are saying about food, farm, and resource issues

■ **UNDERSUPPLIED AMENITIES.** "Agricultural lands provide amenities ... that will tend to be undersupplied by private markets, and this provides the rationale for farmland preservation programs. In the U.S., preferential tax assessment programs ... have been the most common approach used to forestall the conversion of agricultural land to developed uses. It is widely accepted, however, that preferential tax assessment is largely ineffective because, in most instances, the returns to development greatly exceed those from agriculture, even with use value assessment." Plantinga, Andrew J. and Douglas J. Miller. "Agricultural Land Values and the Value of Rights to Future Land Development," *Land Economics*, in press.

■ **THE FLAVOR COUNTS.** "About 90 percent of the money that Americans now spend on food goes to buy processed food. The canning, freezing, and dehydrating techniques used in processing destroy most of food's flavor — and so a vast industry has arisen in the United States to make processed food palatable. Without this flavor industry today's fast food would not exist." Eric Schlosser. "Why McDonald's Fries Taste So Good." *Atlantic Monthly Online*, January, 2001.

■ **950 MILLION CHICKENS!** Pease, Pelletier, and Kenyon say, "The states surrounding the [Chesapeake] Bay produce 950 million broilers and 34 million turkeys for slaughter annually.... The manure and bedding (litter) generated as a byproduct of Chesapeake Bay poultry production includes approximately 93 million pounds of nitrogen and 93 million pounds of phosphate (P_2O_5), nutrients which may enter and eutrophy surface waters. Disposal of poultry wastes generated by such intensive production is an environmental issue with serious economic consequences for the poultry industry in the region as well as for the communities dependent on the industry." "Poultry Litter Transport Alternatives for Land Application in Virginia." Paper delivered at the 2001 Annual Meeting of the Southern Agricultural Economics Association, Ft. Worth, TX, January 29-31, 2001.

■ **WHAT'S GOOD FOR EUROPE.** "Subsidizing rural communities is a long tradition in Europe. There, open space is more rare and therefore more highly valued. Heritage is honored and economically valuable. Americans are growing into a similar attitude. For example, three-fourths of all the initiatives and bond elections to preserve open space were approved by voters in the November [2000] elections." Editorial Page, *The Idaho Falls Post Register*, January 18, 2001.

■ **PUBLIC R&D.** "The Bayh-Dole Act of 1980 allowed universities to retain title to inventions that were created with Federal funds, in effect allowing universities to compete with private indus-

try in R&D. Universities have not been reluctant to protect their intellectual property. Between 1993 and 1997 universities were issued 10,050 patents, including 2,645 in 1997. Also in 1997, universities filed 4,267 new patent applications and reported 11,303 invention disclosures." Oehmke, et al., "Is Agricultural Research Still a Public Good?" *Agribusiness*. 16(No. 1) 2000:68-81.

■ **WE JUST DON'T KNOW.** "...the sheer numbers of species (literally millions), most of which have not been identified, [pose a question]. Biodiversity means the diversity of all life forms and implies a concern with the entire range of species. Even if no species were critically dependent on any other, reliance on a genetic dissimilarity approach [to biodiversity] would require...a diversity index for the entire set of species. This is clearly impossible given not only the depth of our ecological ignorance but also the inadequacy of the resources to complete the task." Mainwaring, Lynn. "Biodiversity, Bio-complexity and the Economics of Genetic Similarity." *Land Economics*, in press.

■ **ORGANIC FOODS.** Sylvander and Floc'h-Wadel say that, "Average consumption of organics in the EU and US is approximately 16 Euros (\$15) per capita per year, which can be perceived as low except when considering that only 15% of consumers have changed their eating habits to organic products. The worldwide market share for organic products is somewhere between 0.5 to 3.0%, but it is hard to determine this definitively as some countries, such as China, do not certify their products. Chinese consumption is estimated to be 6-7% currently. The average penetration rate for consumers who buy organic products at least once a year has increased from 18 to 23% over the past seven years." Sylvander, B and A.L. Foch'h-Wadel, "Consumer Demand and Production of Organics in the EU." *AgBioForum* 3, nos. 2 and 3(2000): 97-106.

■ **BIOENGINEERING AND MORE.** In a new book, Richard Manning says, "It takes some stretch of the imagination to agree with the critics' charge that genetic modification could create an environmental catastrophe, but we know for sure that farming is already an environmental catastrophe. Basically, we need to see the forest, instead of focusing on the single prominent tree of genetic engineering." Manning, R. *Food's Frontier: The Next Green Revolution*. New York: North Point Press, 2000, p. 202.

CHOICES APOLOGIZES. In the Third Quarter 2000 issue of the magazine, the order of authorship for the lead article, "China: Will They Buy or Sell?" was listed as Simeon Ehui, Thomas Hertel, Allan Rae, and Alejandro Nin. The correct order is Hertel, Rae, Nin, and Ehui.



The Labor Shortage Has Finally Arrived

In the early 1980s I attended a conference on “jobs and prosperity.” I thought that the conference’s title was a definite misnomer, since unemployment rates were uniformly high across the country, more than a few workers had been permanently displaced, and employers were not only cutting back on their workforces but were leaving the United States altogether.

Against this backdrop, we listened intently to our keynote speaker, who shared with us the “good news”: there will soon be a severe labor shortage—it will come. In various articles and reports that I wrote in the following ten years, I referred to the coming labor shortage—the big one. After I waited almost 20 years and had begun to lose all faith, it finally arrived.

Unemployment rates in the United States hover around 4 percent. The need for workers is widespread, affecting a majority of communities across the country. The effects are not limited to the cities, or to certain industries. Few sectors are immune to its impact. While we often refer to the declining need for labor in agriculture, this shortage has shown us how important workers are to the entire food system. This is true for both the farm itself and the various food processing industries. Improved technology has certainly reduced labor requirements and increased productivity. However, food

processors in many regions are out looking for workers — attempting to entice those not in the labor force to work at least part-time, encouraging immigrant populations to move into rural communities, and taking other measures to maintain a workforce. Even at the farm level, farm employers in some regions of the country argue that farmworkers are hard to find. Unauthorized workers are common and becoming even more so.

The tight labor market that we see today has the potential to yield some very positive effects. Tight labor markets encourage employers to develop new approaches to labor recruitment, retention and management. In this era of welfare reform, getting people into the workforce to reduce their reliance on entitlements or public support is a good thing for all of us. New approaches by employers and new collaborations between employers, employees, educational institutions and communities can result in very positive payoffs.

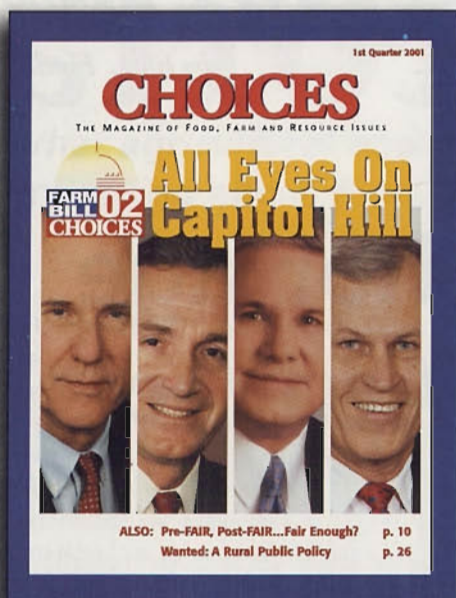
What can employers do? Many employers argue that given stiff global and national competition, paying higher wages and offering more competitive benefits to workers, especially to those at the low end of the wage scale, is difficult. Certainly higher wages and benefits count the most, but there are other ways to attract and retain workers. These include increasing the commitment to job stability, providing job ladders, enhancing work schedule flexibility, improving work conditions, providing training that enhances productivity in the short and long run, and providing amenities that benefit workers at low cost to the employer. I recently spoke with a former employee of a

food processing facility who noted that she had quit her job — not because of the wage or employee benefit package she received, but because her employer had made no effort to improve working conditions at the plant. The conditions of work were a far cry from expectations.

Employers, at least in some cases, believe that these efforts are not important or are not their responsibility. For example, a Wilder Research Center study presented at the recent RUPRI/Joint Center for Poverty Research, “Rural Dimensions of Welfare Reform,” conference surveyed a sample of Minnesota employers who have now hired former welfare recipients. The survey asked about the deficiencies and barriers that these workers face. Lack of soft skills, lack of transportation and other similar issues surfaced, but few employers believed that it was their responsibility to help workers overcome these problems.

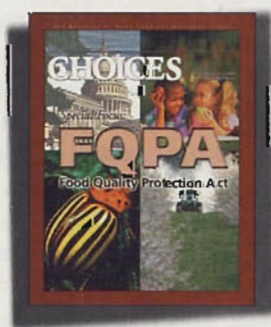
Research has generally shown that the recipients and beneficiaries of employer initiatives such as on-the-job training have predominantly been workers at the high end of the pay scale. Given the need for skilled and retained workers across the spectrum, additional attention to the middle and low-end is also warranted. The Harvard Business Review calls for a new approach to work that envisions new collaborations between employees and employers and improvements across the board in working conditions. Employers who take this approach in these tight times will be the real winners.

Jill L. Findeis is Associate Professor in the Department of Agricultural Economics at The Pennsylvania State University.



On the Cover:

Eyes have it. One of the tasks the 107th Congress will tackle is the next Farm Bill. Ag committee leadership and ranking members (from left) Pat Roberts (R-KS), Tom Harkin (D-IA), Larry Combest (R-TX), and Charles Stenholm (D-TX) will be instrumental in shaping the direction of ag legislation.



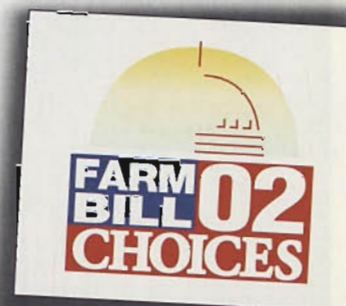
CHOICES

THE MAGAZINE OF FOOD, FARM,
AND RESOURCE ISSUES

6 The 107th Congress: What Can Agriculture Expect?

by Jasper Womach

One thing (and *only* one thing) is certain: There will be an omnibus Farm Bill. There are a great number of things that *could* be part of the 2002 Farm Bill, but there's a whole lot of politickin' to be done first, both within the halls of Congress and without. Look for the special Farm Bill '02 logo in 2001 and 2002 issues of *CHOICES* for coverage of this critical policy issue.



10 Farm Income and Farm Programs in the 1990s:

Pre-FAIR, Post-FAIR... Fair Enough?

by Carl Zulauf, Luther Tweeten, and Allan Lines

Supplemental farm income assistance actually offset a considerable portion of the losses many farmers suffered under the 1996 Farm Bill (the FAIR Act).

14 FQPA: Pouring Out the Risk Cup

by Scott M. Swinton and Sandra S. Batie

Implementation of the Food Quality Protection Act (FQPA) of 1996 under the current pesticide use management paradigm will result in sharp reductions or even elimination of a number of currently popular and important pesticide uses. However, there are innovative alternative solutions that could help achieve FQPA's objectives.

18 Got Lawyers?

by John Crespi and Richard Sexton

Court action from parties opposed to mandatory participation in marketing orders and commodity promotion program threaten to undermine a system that has produced a number of successes.

26 Wanted: A Rural Public Policy

by Emery N. Castle

Lack of attention to and understanding of rural areas has led to stereotyping of rural as well as urban areas, to the detriment of both. Rural areas need more study and public policy attention.

31 "Multifunctionality" of Agriculture: Do Mixed Goals Distort Trade?

by Daniel Mullarkey, Joseph Cooper, and David Skully

The concept of "multifunctionality" refers to those benefits or negative effects of agriculture apart from the primary productive function. The question is: Are governments promoting desirable agricultural multifunctions or providing disguised agricultural subsidies?

35 The Greening of Capitol Hill

by Mary C. Riddel

Campaign contributions from environmental groups may help or harm Senate candidates, depending in part upon the degree to which "eco-labeling" of the candidate occurs.



39 Failing In Style

by Timothy Egan

Independent-minded Montana wheat farmers face a quandary: They are reluctant to accept government "handouts," but literally cannot survive (nor can their communities) without them (reprinted here by permission of the *New York Times*).

2 So They Say

3 Guest Editorial

by Jill L. Findeis

24 Graphically Speaking: A New Farm Typology For a Diverse Ag Sector

by Robert A. Hoppe,
James D. Johnson, Janet
E. Perry, and David E. Banker

Sales alone may not be the best way to distinguish among the various types of farms operating in the United States today.

44 Feedback: The High Cost of Alternative Agricultural Advocates

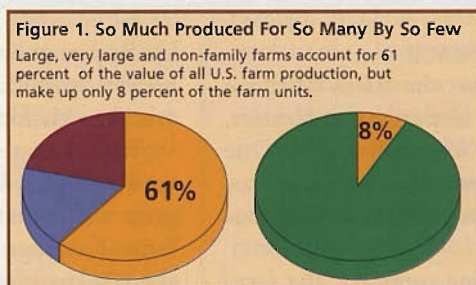
by Luther Tweeten

46 Editorial

by Paul W. Barkley

47 In Review: Rats In the Grain

by James B. Lieber; reviewed by Richard A. Levins



■ Publisher

The American Agricultural
Economics Association
415 S. Duff Ave., Suite C
Ames, IA 50010-6600

■ Editor

Paul W. Barkley
Dept of Agricultural Economics
211E Hulbert Hall
Washington State University
PO Box 646210
Pullman, WA 99164-6210

■ Publishing Services

Clear Window MultiMedia
A Meister Company
37733 Euclid Avenue
Willoughby, OH 44094
(440) 942-2000

■ Advisory Board

Andrew Barkley	Richard Levins
Daniel Bernardo	Noelwah Netusil
Michael Boehlje	David Orden
Gary Brester	Gregory Poe
Joyce Cacho	Brian Revell
Betsy Cody	Tanya Roberts
John Davis	Priscilla Salant
Michael Haines	Katherine Smith
Hal Harris	Dawn Thilmanyr
Ray Huffake	Wally Thurman
Cathy Jabara	Cathy Wessells
Craig Jagger	Judith Whipple
Wilfrid Legg	

CHOICES (ISSN 0886-5558) is published quarterly by the American Agricultural Economics Association for people who want to be informed about food, farm, and resource issues — and the policies that affect them. Views expressed herein are those of the authors, and not necessarily those of CHOICES or its publisher. Postage paid at Willoughby, OH, and additional mailing offices. All rights reserved. Quotation with credit is permitted. © 2000 Vol 16, No.1, American Agricultural Economic Association. Subscription rates for U.S.: individuals — \$20.00 per year (four editions). (Canada, Mexico, South America, United Kingdom and Europe \$30; other \$40.) Send subscription correspondence to CHOICES, AAEE Business Office, 415 South Duff Ave., Suite C, Ames, IA, 50010-6600. Telephone (515) 233-3234, FAX (515) 233-3101. Writers' guidelines are available at our Web site: www.aaea.org/choices/. Send four hard copies and an electronic copy of each manuscript to the editor, Paul W. Barkley, Dept. of Agricultural Economics, 211E Hulbert Hall, Washington State University, PO Box 646210, Pullman, WA. 99164-6210.