THE MAGAZINE OF FOOD, FARM, AND RESOURCE ISSUES

CHOICES

Fourth Quarter 1996

Special issue on economic education—K–12, college, and beyond

Findings

What agricultural and resource economists are finding about food, farm, and resource issues.*

- Student absenteeism strongly affects class performance, and teachers and departments can communicate this relationship to students, assign the most skilled teachers to introductory and core courses, use frequent quizzes, provide incentives for classroom interaction, and schedule classes between 10:00 a.m. and 3:00 p.m. to encourage attendance—say Devadoss and Foltz.

- For PhD students, a light-direction mentoring system with their major professor, in contrast to sink-or-swim and command-and-control extremes, seems to improve student performance and satisfaction—says Perry.

- Fiber-health awareness campaigns that target those with less than a college education will likely have a high pay-off—say Variyam, Blaylock, and Smallwood.

- The farm-level price for organic produce can best be stimulated, not by controlling supply through marketing orders or cooperatives or stricter certification standards, but by reducing wholesaling costs and providing education and advertising programs initially targeted toward higher-income consumers—say Park and Lohr.

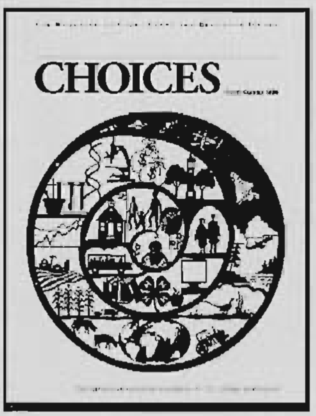
- Given monopsony and monopoly power by lemon retailers, the 1994 termination of the California and Arizona federal marketing order for lemons has resulted in higher spreads between the retail and FOB lemon price, a circumstance unfavorable to lemon producers and consumers—say Richards and coauthors.

- The benefits of a ban on a specific postharvest pesticide used in fresh grapefruit packing houses outweigh the costs of fruit losses—say Buzby, Ready, and Skees.

- Government programs to compensate farmers for damage done by wildlife should be linked to evidence of farmer attempts to abate damage—say Rollins and Briggs.

- Most farmers do not hedge to reduce risk because the costs of hedging—including brokerage fees and initial margin deposits, and the opportunity cost of time to follow the futures markets and complete more complex tax returns—are relatively high—says Lence.

*Findings are taken from recently or soon-to-be published research in the *American Journal of Agricultural Economics, Journal of Agricultural and Resource Economics, Review of Agricultural Economics, Journal of Agricultural Economics Research, Journal of Agricultural and Applied Economics, Agricultural and Resource Economics Review, Land Economics, Journal of Environmental Economics and Management, Agribusiness—An International Journal,* and other journals that publish the research findings of agricultural and resource economists. Abbreviated citations are found on page 41.



ON OUR COVER—This issue pays special attention to education. Many agricultural economists contribute to the educational process, sometimes in ways we would not imagine. For example, some actively contribute to K–12 education. Others may design and provide dramatically new kinds of college and post-college education, far removed from traditional in-class, on-campus lectures. Others work in more usual ways to continually change college departments and curricula at the margins to maintain relevance for our students. And of course the effect of education on the lives of students, and indeed on society more generally, overlays our interest in the educational process. These are some of the issues our authors discuss, illustrated on our cover by artist Linda Emmerson in Scherenschnitte (paper cutting).

by Clifton R. Wharton, Jr. ■ **Guest Editorial**

Our Nation's Best Investment

Clifton R. Wharton, Jr. has served as president of Michigan State University, chancellor of State University of New York System, chairman and CEO of TIAA-CREF, and most recently, deputy secretary of state.

After more than twenty-five years in the education business, I have an even stronger sense of awe and gratitude for our nation's system of higher education—both public and private—a system that is the envy of the rest of the world. The fact that last year some 452,635 foreign students attended American colleges and universities must tell us something about the quality, availability, and variety that our system offers. That, by the way, is by far the largest number of foreign students attending college in any country.

Each year I have seen more and more women and members of minority groups march in the commencement lines, giving greater strength and credibility to the diversity that is America, and proving that affirmative action in higher education has not been a failure.

I marvel at the efforts of our educational system, not only to keep abreast of technological, scientific, and social advances in the curricula, but also to generate through research the new knowledge necessary to carry us into the twenty-first century and address all the challenges it brings.

If anything is truly in the national interest, it is education. These are not expenditures in pure consumption, like prisons, farm subsidies, or jet fighters. Rather, they earn a lifelong return for both the individual and society far beyond the initial cost.

Today, however, we seem to be losing sight of the vast benefits from our investments in education as more and more attention is focused on perceived deficiencies, particularly at the primary and secondary level. Yes, there are problems, and these inevitably follow too many students into college and result in necessary remedial courses. The time has come, I think, to address these problems by acknowledging that investments in education at all levels are investments in human capital.

Today, too, policy emphasis has more to do with accounting than with investment, balancing the federal budget at all costs by trimming or abolishing social programs, such as education assistance. Between 1980 and 1994, tuition at four-year public colleges rose by 86 percent, while the maximum Pell Grant award declined by more than 25 percent in real value. The current outlook in Washington for improvement is anything but bright. And states, feeling the squeeze, also are cutting back.

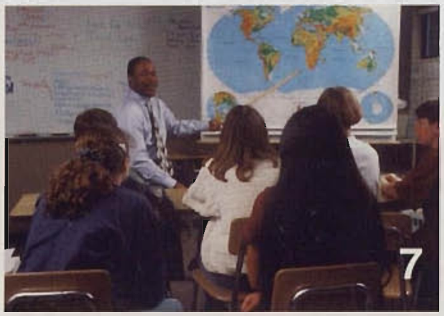
This is so shortsighted. If you question the value of a degree as an investment, consider this: In 1992 the average annual earnings of a high-school graduate was about $18,700. For a person with a BA degree, however, that figure was almost $33,000. A recent study suggests that each additional year of formal schooling is associated with a 5 to 15 percent increase in annual earnings later in life. What a tremendous boon this is not only to the individual but to the total economy!

What I am getting at is that there is something dreadfully wrong with an approach that diminishes our investment in productive human capital, which is the foundation of our national wealth. In an age of increasing global competition and escalating technology, why would we in the United States deliberately make it more difficult to acquire an education? Are we so blind that we risk economic suicide by scorning our greatest comparative advantages and by turning leadership over to other nations?

It is crime, disease, welfare, social disruptions, and mental illness that are truly expensive. Investment in people so that they can behave intelligently and work productively is cheap by comparison. And in today's highly competitive global economy, so heavily based on service industries, scientific enterprises, finance, foreign trade, medicine, communications, and advanced technologies, an energetic, enlightened people is the finest resource that the nation or state can possess. Higher education is our nation's best investment.

C. R. Wharton

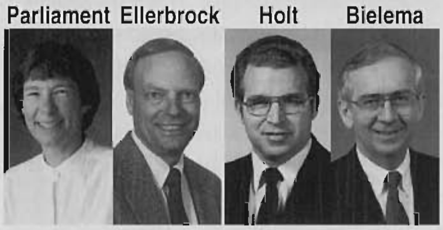
Table of Contents



Features

Gallery


Parliament Ellerbrock Holt Bielema


Salant Christensen Warner Dillman


Moulton Schmitz Ervin Graffy


Centner Lathrop

Claudia Parliament is professor and extension economist in the Department of Applied Economics at the University of Minnesota. As part of her faculty appointment she has served as executive director of the Minnesota Council on Economic Education since 1992.

Mike Ellerbrock is associate professor of agricultural and applied economics and director of the Center for Economic Education at Virginia Tech. Most of his work is aimed at promoting economic literacy, especially among youth, and he chairs the American Agricultural Economics Association Committee on Economic Education.

Don Holt is senior associate dean in the College of Agricultural, Consumer, and Environmental Sciences at the University of Illinois. He formerly served as director of the Illinois Agricultural Experiment Station, professor and head of the University of Illinois Agronomy Department, and professor of agronomy at Purdue University. Holt has a background in environmental crop physiology, and has experience in crop systems simulation and large area production forecasting using simulation models. Currently, much of his administrative effort is devoted to identifying themes most likely to strongly influence colleges of agriculture and their constituents in the future.

Cheryl Bielema is an extension communications specialist in the College of Agricultural, Consumer, and Environmental Sciences (ACES) at the University of Illinois. She previously served as a teacher of home economics in public schools and as a county extension specialist in Illinois. Her research has focused on the conduct, coordination, and management of distance education programs. Currently, Bielema is responsible for instructional design training in the College of ACES Distance Learning Office. She also manages the satellite downlink and uplink infrastructure at both campus and county extension locations.

Priscilla Salant is a senior research associate at the Social and Economic Sciences Research Center and an associate in research, both at Washington State University. She is the co-author of *How to Conduct Your Own Survey, The Rural Data Guide, and Small Towns: Big Picture: Rural Development in a Changing Economy.* Her current research focuses on rural development, information technology, and higher education.

Associate dean and director of cooperative extension in the College of Agriculture at the University of Arizona, **James A. Christensen** has co-authored or co-edited five books, including his most recent, *Rural Data, People and Policy.* In his role as director, he has restructured the organization to develop a closer working relationship between campus and communities.

Paul D. Warner is assistant director for program and staff development of the Cooperative Extension Service at the University of Kentucky. He has written extensively on the public's perception of the extension service, including "The Cooperative Extension Service: A National Assessment."

Professor of sociology and rural sociology **Don A. Dillman** also serves as deputy director for research and development at the Social and Economic Sciences Research Center at Washington State University. In 1970 he was founding coordinator of the SESRC's Public Opinion Laboratory, one of the first university-based telephone survey labs in the United States. He was a senior survey methodologist in the Office of the Director at the U.S. Bureau of the Census from 1991–95, where he provided leadership for the development of new questionnaire designs.

Kirby Moulton is an economist in the Department of Agricultural and Resource Economics at the University of California, Berkeley, where he is responsible for the development and implementation of research and educational programs in agricultural trade and policy, global competition in horticultural products, and market liberalization in Eastern Europe. His recent projects have included the impacts of GATT, NAFTA, and other treaties, and the effects of market liberalization in Bulgaria and Hungary.

Professor and Eminent Scholar **Andrew Schmitz** holds the Ben Hill Griffin III Endowed Chair in the Department of Food and Resource Economics at the University of Florida. Schmitz has served as a consultant to many public and private organizations, including the U.S. Department of Agriculture, the Environmental Protection Agency, and the U.S. Agency for International Development. He is a Fellow of the American Agricultural Economics Association, and gave the 1995 Waugh Memorial Lecture, "Boom-Bust Cycles and Ricardian Rents."

Director of the Policy Studies Program at the Henry A. Wallace Institute, **David Ervin** has recently written and spoken on such topics as trade and environment interactions, and new agroenvironmental policies in an era of opening global competition, growing budget pressure, and exponential technological changes. Ervin was chief of the Resource Policy Branch of the USDA's Economic Research Service from 1988–91.

Elisabeth Graffy is currently a policy advisor to the National Water Quality Assessment Program of the U.S. Geological Survey. She has co-authored two studies on agroenvironmental issues for the Congressional Office of Technology Assessment, and has worked with state government and the nonprofit sector on agricultural policy, farm credit, and sustainable agriculture issues.

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