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Applied Economics at the University of Minnesota



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FROM THE DEPARTMENT HEAD



Spring around here is exciting, as all the work of graduate school and job market preparation culminates in job offers. Students have built their CVs, wrote solid job market papers, did mock interviews, and gave seminars. Their new employers are eagerly awaiting their arrival, and we, too, are eager to see where their careers will take them. Congratulations, all, on a job well done. Now is a good time to thank everyone who invested in our graduate program. It started with the graduate committee choosing students who would fit with our program, and continued with excellent instruction in our coursework. Faculty members hired students to be teaching and research assistants, through which they got valuable teaching and research experience. There were also semesters of pure research productivity, funded by fellowship dollars. In addition to outside fellowships, departmental fellowships provided crucial funding. This class of 2017, on to new adventures and accomplishments, honors the generosity of the Bob and Mary Litterman and Jean Kinsey as well as the legacies of Willis Peterson, Ed Schuh, and Sam Chung and Alice Yen-Hee Hsieh.

Spring also brought news of the new class of Fellows of the Agricultural and Applied Economics Association (AAEA). Last year, our own Klaus Deininger received this honor. This year, the committee selected two alumni of our program: Bob Meyers and Harry Kaiser! Bob Meyers, University Distinguished Professor at Michigan State University, wrote his dissertation entitled

“Economic Inefficiency under Uncertainty and the Effects of Ideal Risk Markets in U.S. Agriculture” under the supervision of Ford Runge. Harry Kaiser, Gellert Family Professor of Applied Economics and Management and Associate Dean for Academic Affairs at Cornell University, wrote “An Analysis of Farm Commodity Programs as Risk Management Strategies for Minnesota Corn and Soybean Producers” under the supervision of Jeff Apland. Bob and Harry finished their dissertations a year apart, so they were here the same time: do you suppose that Bob and Harry chatted about risk in the halls of Ruttan? Maybe we’ll find out at this year’s AAEA meetings, when we’ll gather to remember and celebrate.

I’d like to take some space in this column to remember Ken Thome, friend and supporter of the Minnesota Council on Economic Education, who died January 27. Ken had a distinguished career at General Mills. He began to serve MCEE in 1988 and continued to share his skill and experience in a number of roles until his untimely passing. Ken was a true believer and a strong supporter of economics and personal finance education. We will miss him.

Frances Homans

Department of Applied Economics

Judging Food by Its Cover?

Cosmetic Deterioration and Date Labeling in Household Food Waste

The topic of food waste has garnered increasing attention with estimates that, globally, about one-third of the food produced for human consumption goes uneaten (Gustavsson et al., 2011). Studies have shown that consumers generate the largest proportion of food currently wasted in developed nations (Buzby, Wells, and Hyman, 2014).

We set out to investigate the roles of two anecdotally important contributors to food waste by consumers – food product date labeling and cosmetic standards – on food handling at home. First, we ask how much do people reject foods with cosmetic deterioration such as shrinkage, wilting, or browning even though they are perfectly fit to consume? Second, we focus on how people react to different presentations of expiration dates which are also known to cause confusion among consumers. In addition to variations such as ‘best before,’ ‘use by,’ and ‘best by,’ new terminology such as ‘born on’ or ‘freshness’ are being introduced.

Two hypotheses were of particular interest. In a consumer survey, Qi and Roe (2016) found that, for a majority of households, efforts to enhance meal safety may sometimes require wasting some food. If consumers consider cosmetic deterioration or expiration dates as indicators of food safety risks, they can be expected to reject these products. Another is the possibility of time inconsistent behavior. At the time of purchase, individuals may intend to consumer large portions of fruits and vegetables, but change their minds when it comes time to consume what they’ve purchased.

We designed a survey to collect individual responses about how consumers decide whether various food items are fit for consumption, as well as their household food routines, risk preferences, and hyperbolic discounting tendencies. The survey was administered in an interactive setting at the 2016 Minnesota State Fair. Subjects were recruited for 30 minutes of their time in exchange for a popular U drawstring backpack, and 333 individuals participated.

We conducted a factor analysis of responses to 36 different questions on purchasing behaviors, shopping routines, food management and cooking skills, composting and recycling habits, people’s reasons for throwing away food, and individuals’ self-reported estimates of how much food gets tossed at home, followed by a latent class analysis.



BY HIKARU PETERSON
AND VANEY DUSORUTH



We found that respondents fell into two classes: planners and extemporaneous consumers. Fifty-seven percent of the respondents were in the Planners class characterized by people who reported having strong pre-shopping planning routines and disciplined in-store behavior. For example, they make a shopping list, check their kitchen inventories and stick to their list when in store. These people have higher tendencies to recycle and compost. They are aware of what foods need to be eaten first, are good about preventing food spoilage when preparing meals with good knowledge about storing food products. The individuals identify many reasons why food goes to waste in their household (for example, they buy or prepare too much) but, compared to the other class, they report throwing out less food.

Extemporaneous Consumers, by contrast, tend to have poor meal planning routines and are more likely, for instance, to buy products on an impulse in the store.

They report being poor cooks and struggle with food management in the kitchen. They seem not to recognize reasons for food going to waste. Compared to their counterparts, they also recycle or compost less regularly.

Individual perceptions of whether a product is fit to eat were elicited by asking subjects to report the percentage of a given food product they would consume (ranging from eating none to eating all)

assuming a realistic food handling situation at home. Working closely with food scientists, we selected two items (ground beef and bagged spinach) and created product profiles which were presented to each subject through a series of photos. The items varied in appearance at three levels in addition to other attributes such as expiration date, price paid, and size. Deterioration was merely cosmetic and all profiled products remained edible.

Our results suggest that, even though consumers may have purchased the products, foods subject to cosmetic deterioration can still get rejected at home. We believe that there are strong possible gains from consumer education on food waste that incorporates food acceptability based on appearance throughout the supply chain, and definitely at home. Prescribing solutions for the Planners seem relatively straightforward—behavioral nudges and tools may help them adhere to better planning and management. It is also clear that Extemporaneous Consumers would waste less food if they adopted more structured shopping habits and developed better cooking and food management skills. However, it could be a challenge to get them to change their food-related behavior.

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COCHRANE LECTURE

On Wednesday, May 8, The Center for International Food and Agricultural Policy and the department hosted its seventh Willard W. Cochrane Lecture in Public Policy. Professor Christopher Barrett, Deputy Dean and Dean of Academic Affairs from the Charles H. Dyson School of Applied Economics and Management at Cornell University presented a lecture entitled “The Uneven Transformation of Rural Africa: Myths, Facts and Pressing Needs.”

Chris Barrett is Stephen B. and Janice G. Ashley Professor of Applied Economics and Management, and an International Professor of Agriculture, all at the Charles H. Dyson School of Applied Economics and Management, as well as a Professor in the Department of Economics and a Fellow of the David R. Atkinson Center for a Sustainable Future. He has won several university, national and international awards for teaching, research and public outreach, and is an elected Fellow of both of the Agricultural and Applied Economics Association and of the African Association of Agricultural Economists.

His research, teaching and outreach explore why unnecessary injustice continues to disfigure the richest, most technologically advanced societies in history and what individuals and institutions can do to improve conditions for the poor. Barrett has pursued three interrelated clusters of ideas in his work. The first concerns improving understanding of the drivers of poverty and food insecurity, and how private and public policy can facilitate desirable structural transformation in low-income societies. The second considers issues of individual and market behavior under risk and uncertainty and how those can cause or prolong unnecessary human suffering. The third concerns the interrelationships among poverty, food insecurity and environmental stress. These topics necessarily cross disciplinary lines, and Barrett conducts stimulating interdisciplinary work with natural scientists and non-economist social scientists in his work. He also is a consummate and generous adviser of graduate student research, including the PhD research of Associate Professor Marc Bellemare.

FAREWELL TO EMERITUS FACULTY DALE DAHL

Professor Emeritus Dale Dahl died on March 23, 2017. Dale earned his PhD in our department and served on the ApEc faculty from 1964 to 1998. In his dissertation, he focused on agribusiness in Minnesota and its contributions to the economy. He maintained this interest throughout his professional career, and built an expertise in agricultural law to help explain how laws such as the corporate farm law affected the structure of Minnesota agriculture. He became an affiliate faculty member of the Law School. Dale was selected to participate in the President’s Distinguished Faculty Mentor Program and served as the department’s Director of Graduate Studies in the early 90’s. Dale participated in the ApEc bowling team for many years, even into retirement. Burt Sundquist, Professor Emeritus and long-time friend, remembers Dale this way: “Dale was a dependable colleague who always did his fair share and more. His expertise in law made a real contribution to the department’s program. And, he was always a tough adversary at the poker table! He will be missed!”

ZOPHIA RALEIGH

UNDERGRAD STUDENT SPOTLIGHT

Zophia Raleigh, a first year student at the University of Minnesota and Department of Applied Economics, is not your typical anxious freshman.

Her life experiences include farming, competing in horse events, and advancing to the rank of Cadet Colonel in the Civil Air Patrol. It is apparent that Zophia has an entrepreneurial spirit as well as an ability to organize and direct.

“It was because of the opportunities I’ve gotten to experience that I learned I have a natural ability for these skills. I was led to pursue a degree in Agricultural and Food Business Management, and declared an emphasis in Entrepreneurial Business,” Zophia explained.

Zophia, a self-proclaimed planner, has her short and long term goals set in stone.

“After college I want to go into project management and build my network... while simultaneously starting my own venture. I would like to be COO of a company... because I want to be able to work hard and see a difference.”

In order to prepare herself for not only these achievements, but also allow herself the flexibility to one day have the choice to stay home with her [future] children, Zophia has joined a variety of associations to provide her with the skills and networking opportunities she needs to succeed.

“Life is full of everyday challenges that in the moment feel insurmountable,” Zophia remarks. “But it’s about overcoming those challenges and accomplishing your goals. It’s hard to keep perspective of all the opportunities available, let alone all the doors that being a student here opens to the world. I just try and take each new opportunity with someone to see what they can teach me and bring my understanding of a topic to an entirely new level.”

Zophia is putting her curiosity and planning to use for the department, as she and Sadie are kicking off a blog to communicate about undergraduate activities and experiences in and around Applied Economics. Watch for “At the APEC” at www.umnapec.com, where you’ll find news about students, faculty, and departmental goings on.



Department of
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1994 Buford Avenue
Ruttan Hall Room 231
Saint Paul, MN 55108

DONOR SPOTLIGHT: JEAN KINSEY

Jean Kinsey is a Professor Emerita in the Department of Applied Economics at the University of Minnesota, where she served on the faculty from 1976-2010. She received a Ph.D. from the University of California at Davis in 1976, where she learned the value of strong research and writing in building a career for herself and her students. Research in consumer demand, consumer welfare and food industry performance have been at the core of her work. One of her professional missions was to convince colleagues to view agriculture as part of the larger food system with demand driving changes along the supply chain.

Jean and her husband Frank Busta travel extensively around the world and, whenever there is time, she plays golf and reads books with a book club. She remains active in the University of Minnesota Retirees Association.

Jean is passionate about helping to fund graduate student studies. “I first contributed to the U of M Foundation

to honor former colleagues and because, as a professor, I witnessed the decline of public funding for graduate work. As Director of The Food Industry Center, I was able to provide funding for several students, but there was never enough. It felt like a waste of talent and missed opportunities for new knowledge,” Kinsey explains. “This motivated me to establish a Graduate Fellowship in the U of M Foundation that will eventually be large enough to fund at least one graduate student a year in Applied Economics.”

Many have contributed to this fellowship fund and it has grown large enough to fund one student for one semester per year and thus far has funded three students.



Jean Kinsey graciously agreed to share why she chooses to give to the University of Minnesota. If you would like to be featured in one of our upcoming reports, please contact Sadie Brendalen at will1945@umn.edu.