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NAREA Awards

Outstanding Master's Thesis Award

Systematic Variation in Willingness to Pay for Agricultural Land Preservation and Implications for Benefit Transfer: A Meta-Analysis

Jessica Barbara Kukielka

University of Connecticut

Advisor: Robert J. Johnston

Despite prior studies examining willingness to pay (WTP) for farmland preservation, there has been no quantitative, systematic analysis of findings across the literature. As the first statistical meta-analysis addressing WTP for farmland preservation, this thesis examines both methodological issues related to the use of choice experiment results for benefit transfer, and empirical findings relevant to policy implications. This thesis addresses the extent to which results justify the potential employment of meta-regression models (MRMs) for benefit transfer of farmland amenity values, including a detailed assessment of transfer error in various policy contexts and applications.

The meta-data are drawn from eighteen choice experiment analyses of WTP for farmland preservation conducted in North America. Despite the small sample of studies, the capacity of choice experiments to forecast welfare estimates for a range of preservation options results in numerous

observations for WTP from each study. Overall, model results are promising with regard to the ability of MRMs to identify components of systematic variation of WTP values and reveal patterns unapparent from stated preference models considered in isolation. Results confirm systematic variations in willingness to pay, with value surfaces corresponding to theoretical expectations.

Findings also provide significant insight into the potential for valid meta-analytic, function-based benefit transfer. The results of this study indicate that meta-regression benefit function approaches can provide important information to guide potential policy programs across regions; however, results suggest cautionary uses of benefit function transfers of meta-regression results when considering direct benefit estimates in specific policy contexts.

Master's Thesis Award of Merit

Two Essays on U.S. Grain Export Promotion

Pimbucha Rusmevichientong

Cornell University

Advisor: Harry M. Kaiser

More than one-third of agricultural production in the United States is exported. U.S. rice production has been increasing every year for decades in response to growing world rice trade and a rela-

tively tight supply in other exporting countries. The United States competes with other major rice exporters such as Thailand, Vietnam, China, India, and Pakistan.

The U.S. Department of Agriculture has administered two export promotion programs to encourage the development, maintenance, and expansion of the international market for U.S. rice: the Foreign Market Development Program (FMD), created in 1984, and the Market Access Program (MAP), created in 1986. The USA Rice Federation (USARF) and USA Rice Producer Association (USRPA) are the only two private money recipients. Those two public-private cost-share programs generate over \$4 million annually to promote all varieties of U.S. rice.

This study investigates the economic impacts of the U.S. rice export promotion programs on U.S. rice export demand. The overall effectiveness of the export promotion programs is evaluated in terms of benefits relative to costs. The optimality of export promotion expenditure levels is computed using computing a marginal benefit-cost ratio. The results indicate that U.S. rice export promotion has been effective in enhancing foreign market demand for U.S. rice and that the United States is under-investing on rice export promotion.

However, these programs remain highly controversial, with opponents claiming they amount to “corporate welfare.” Government intervention

in funding export promotion can be rationalized from an economic standpoint if market failure exists. One type of market failure—*positive externalities* or *halo effects* produced by export promotion of one commodity increasing the export demand for other U.S. commodities—is not captured in a single equation demand. Also, foreign market promotion constitutes a type of *international public good* or *free-riding effect* when it has positive cross effects that dominate country-specific effects. Failure to take these cross effects into account tends to generate bias results of the promotion.

A dynamic linear approximation of an Almost Ideal Demand System (AIDS) model with the Seemingly Unrelated Regression (SUR) method is employed to estimate the U.S. and non-U.S. grain market shares from 1975 to 2005, incorporated with major grain exports—i.e., rice, wheat, and sorghum—to examine the issues concerning cross-promotional effects. The simulation results indicate no halo effects of U.S. grain demand on rice, wheat, and sorghum export promotion; however, U.S. grain export promotion presents an anti-halo effect on competing country grain exports. Hence, there is no international free-riding of U.S. grain export promotion.

Distinguished Member Awards

This award recognizes members who have made continuous and outstanding contributions to the Association, the region, and the profession. The award recognizes members for significant recent professional achievement in the context of an overall meritorious record. Recipients must be members in good standing and be nominated by three other members. A recipient can receive the award more than once, based on recent achievements.

Harry M. Kaiser and Douglas E. Morris

Harry Kaiser has long been a leader in the Northeastern Agricultural and Resource Economics Association (NAREA) and a fixture at its annual meetings. Harry is well known through his many publications in the *American Journal of Agricultural Economics* and the *Agricultural and Resource Economics Review*. He has dedicated his time to improve the latter, as editor. Harry has more recently served as President of NAREA. This is Harry’s second Distinguished Member Award, having also been awarded the honor in 2003, a testament to his enduring commitment to the association.

Doug Morris has held one of the most important and unheralded positions in the association, that of Secretary/Treasurer, since 2002, and has been a member of the executive committee since that time. Doug has been a constant fixture at executive meetings and annual meetings, and has been NAREA’s growing reservoir of institutional knowledge since he took over as treasurer. One of our most dedicated members, he is most deserving of the Distinguished Member Award.

NAREA Award for Outstanding Public Service Through Economics

This award was created to recognize and encourage contributions to the general public welfare. The intent is to recognize that agricultural, environmental, consumer, resource, or community development economics can be applied to solve important problems affecting the quality of life of the general public, and that such contributions may come outside the traditional, sometimes narrowly defined, contributions to research, teaching, or extension. The award may be given to anyone, including noneconomists and nonmembers of NAREA.

James Horne

Jim Horne started his life's work early on the family farm. He graduated in 1967 from Cameron State Agricultural College, where he served as student body president and received the "most outstanding freshman" and "outstanding graduating agriculture student" awards. He finished his master's degree in agricultural economics at Oklahoma State in 1969, and went on to receive his Ph.D. in biology from Timaryev Academy in 1987. Shortly thereafter, the Kerr Foundation employed Horne as a consultant. Today, Horne serves as President and Chief Executive Officer of the Kerr Center. He guided the development of a program of sustainable agriculture research and demonstrations, implementing them on the Center's 4,000-acre ranch. According to the newsletter "Field Notes," he expanded the Center's programs to serve producers of many different crops and expanded the issues to farmland preservation, hunger, and development of local markets. The Kerr Center has won awards for its soil and conservation work, environmental education, and promotion of children's health. Horne, along with co-author Maura McDermott, wrote *The Next Green Revolution: Essential Steps to a Healthy,*

Sustainable Agriculture, which describes his experiences while growing up in a sharecropper family in Oklahoma, running his own ranch, and consulting with farmers as an agricultural economist. In addition, he has authored numerous publications designed both for scientific and farmer audiences.

Horne has also served as chair of USDA's National Sustainable Agriculture Advisory Council, as a member of the Scoping Task Force on Sustainable Agriculture for the President's Council on Sustainable Development, and as chair of the Southern Region Council for USDA's Sustainable Agriculture Research and Education (SARE) Program. He testified to congressional sub-committees on the establishment of SARE.

Horne is often requested for keynote talks to various organizations worldwide. He is a frequent speaker to farm groups and conferences dealing with the interface of profitable agriculture, ecology, and social issues in agricultural communities. He serves on a number of boards for various organizations and has worked extensively on several task forces and committees.

Journal Article of the Year for 2008

Illicit Agricultural Trade

(*ARER* Vol. 37, No. 2, October 2008: 273–287)

Peyton Ferrier

Agricultural and wildlife trade is subject to sudden, disruptive import restrictions arising from concerns over sanitary and phytosanitary safety and the conservation of natural resources. These restrictions can create significant international

price differences that encourage the smuggling of goods across borders. This article presents an equilibrium model of smuggling where the supply and demand for smuggled goods depend on inter-regional price disparities in the presence of a

trade ban. In this model, smuggling is more prevalent when demand and supply among trade partners is more inelastic or when there are fewer total trade partners at the time a trade ban is enacted. Applications are presented for regionaliza-

tion, destruction of goods in government eradication programs, price support, stockpiling, and the development of substitutes. Regionalization may increase smuggling under certain production and consumption patterns.