

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

401751
A1E6

ERS NEWSLETTER

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

USDA
LIBRARY
U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, DC
VOLUME 7, NUMBER 4
AUGUST/SEPTEMBER 1989

Seaborg Receives USDA's Distinguished Service Award

ERS economist Donald Seaborg received USDA's Distinguished Service Award, the Department's highest award. The award was presented by Secretary Yeutter for "excellence in the coordination and management of ERS commodity reporting and analysis, especially during the drought of 1988."

Long before the 1988 drought became established over major portions of the country, Seaborg, along with others in ERS, began to offer insights about the effects of extended weather forecasts which were calling for hot and dry weather during the growing season. As the weather situation began to deteriorate, regular weekly briefings were presented to the assistant secretary for economics that included alternative effects on crop yields, production, and prices of crops and livestock. The weekly analysis included



Donald Seaborg "...epitomizes the commitment to excellence, professionalism, and public service that is characteristic of so many ERS staff," according to ERS Administrator John Lee.

C. Riley

likely effects on food supplies and prices and on farm income. This information along with inputs from other Government agencies helped ERS analysts

respond quickly to the needs of farmers who were experiencing production losses because of the drought.

[Continued on page 2.]

USDA Superior Service Award to Ethanol Team

ERS economists Michael LeBlanc, John Reilly, Sally Kane, James Hrubovcak, James Hauver, and Mohinder Gill received USDA's Superior Service Award for their work on the economic and policy tradeoffs of Federal ethanol programs. In early 1987, Secretary of Agriculture Lyng asked ERS to conduct an ethanol assessment. The broad-based research effort included (1) visits by team

members to ethanol facilities and private and public laboratories developing new ethanol production technologies, (2) cooperative research with industry and university experts, and (3) inhouse simulation of the agriculture sector.

Results of the study were presented to the Secretary of Agriculture, key staff in other executive departments and the U.S. Congress, and industry representatives in a series of briefings in late 1987 and early 1988. *Ethanol: Economic and Policy Tradeoffs* (AER-585) reported the principal findings of

the team's efforts. Several additional reports and journal articles summarized the results for broader audiences and

[Continued on page 2.]

In this issue . . .

- Associate Administrator's letter, 3
- Current research, 2
- Personnel note, 5
- Highlights of staff activities, 6

Seaborg's experience includes 29 years of situation and outlook work with ERS. He has held a number of positions, including livestock analyst, section leader, branch chief, and division and ERS outlook coordinator. Seaborg is now the deputy director for situation and outlook, Commodity Economics Division.

Seaborg has a B.S. in soil science and an M.S. in agricultural economics from the University of Wisconsin.

In a letter of congratulations, Administrator John Lee said that Seaborg "... epitomizes the commitment to excellence, professionalism, and public service that is characteristic of so many ERS staff."

[Ethanol Team, continued from page 1.]



Standing: Sally Kane, James Hauver, Michael LeBlanc, and Mohinder Gill.
Seated: John Reilly and James Hrubovcak.

offered greater detail on aspects of the analysis for specialized audiences.

The study concluded that nonmarket benefits of ethanol in meeting environmental, energy security, and agricultural goals were positive but limited and that alternatives for meeting these goals were available. Viability of the industry depended on Federal support, with industry expansion unlikely unless support programs were extended beyond their scheduled expiration in 1993.

Current Research

Federal Crop Insurance Study Completed

ERS economists have completed the first part of a study of Federal crop insurance for the U.S. Office of Management and Budget. The study focuses on the recent experience of the Federal crop insurance program. It also considers free crop insurance, disaster assistance, compulsory crop insurance, and revenue insurance as alternatives to the current system and evaluates their potential impacts on the U.S. Treasury. The second part, to be completed in early 1990, will take a broader look at crop insurance as a risk management tool.

The interim study reports that, for all but revenue insurance, overall program costs for corn, wheat, soybeans, and Upland cotton producers would be essentially the same as under the current mix of insurance and price and income support programs. Government outlays for these commodities would be highest under a disaster assistance program. Estimated costs for this option would average nearly \$10 billion, 5 percent more than under the current program.

Average Government outlays for free crop insurance would exceed current program costs by more than 4 percent (\$400 million), but fall slightly below the costs of a disaster assistance program. While disaster payments under a disaster assistance program exceed indemnity payments under a free crop insurance program, greater program participation under a free crop insurance program would cause deficiency payments and loan outlays to increase.

On average, compulsory crop insurance would be less costly to operate than the current program. While total costs for premium subsidies and

administrative costs would be greater under compulsory crop insurance, ad hoc disaster payments would likely be eliminated because of high participation rates. Further cost savings could be realized if participation declined.

Costs for revenue insurance would likely be a little more than half the cost of the current program, if target revenues were based on program yields. However, per acre producer revenues would fall. Most of the cost reduction would likely be attributable to a decline in participation. Basing target revenues on average yields rather than program yields would likely raise commodity program participation. As a result, costs for those programs would increase 25 percent over current outlays.

Government outlays for disaster and net indemnity payments (total indemnities minus total premiums) were most stable for the disaster assistance and free crop insurance options. Outlays were most variable for ad hoc disaster assistance payments. The variability of total Government costs was highest for the alternatives that had the

[Continued on page 4.]

ERS Newsletter

Vol. 7, No. 4, August/September 1989

Editors:

Verla Rape and Lindsay Mann

Layout and Design:

Carolyn Riley

Publication Assistant:

Patricia Beavers

Division Representatives:

Byron Berntson,

Arthur Dommen, Lewrene Glaser,

Charles Hallahan, and

Christopher McGath

The *ERS Newsletter* is published bimonthly by the Economic Research Service, U.S. Dept. of Agriculture, and distributed free to ERS employees, colleagues, and retirees. Subscription requests and address changes should be addressed to: *ERS Newsletter*, ERS/USDA, Rm. 1212, 1301 New York Ave. NW, Washington, DC 20005-4788 (202-786-3310).

Associate Administrator's Letter—*Communicating Information*

In the June/July issue of the *ERS Newsletter*, I presented several organizational characteristics and challenges that help define what ERS is, why it exists, and what its unique strengths are. These characteristics and challenges will help guide ERS over the next several years as we seek to achieve our goals.



The basic question that remains is how to build on our strengths and unique characteristics to achieve the goals John Lee established in 1986 [see *ERS Newsletter*, Vol. 4, No. 3, May/June 1986] and to meet the challenges ahead. This calls for both program and management strategies that are forward looking and innovative. Fundamental to any strategy that might be developed is a full realization that we are a unique, multiproduct institution with broad responsibilities to diverse clientele. The common base of all our products is information.

Common to all our clientele is the need for information. Within this context, several strategies emerge:

- Improve internal communication and integration to bring the appropriate expertise and best analysis to issues. Program managers should promote increased use of seminars to critique ongoing and planned work and discover overlaps and complementarity.
- Build communication networks with groups involved in policymaking and implementation. Analysis done in these areas may require nontraditional methods of communicating results and support for decisionmaking groups. We must be sensitive to the needs of these clientele.
- Develop clientele-specific products. Products that do not successfully compete for the user's time will not be fully used or will have little impact.
- Develop better systems to recognize and reward innovative, mission-oriented work, whether disciplinary, descriptive, analytical, or data related.
- Improve communication in recruiting and among the current staff on opportunities and expectations and provide opportunities for professional growth.
- Develop better systems to coordinate cross-divisional projects.
- Promote cross-branch and cross-divisional participation in the planning process, beginning with the development of branch plans.
- Develop better systems to obtain user input on product relevance and usefulness and user needs.
- Seek ways to minimize or resolve perceived conflicts between ERS objectives and individual professional objectives.
- Develop a better forum to obtain internal and user feedback on priorities and program thrusts.

While incomplete, still evolving, and in need of "fleshing out," this list of strategy elements indicates some of our thinking. Planning, communication, and integration are common to most of the strategies discussed. These are difficult things to do in an organization, but mandatory for progress. In the next letter, John or I will discuss some emerging program priorities.


Bob Robinson

highest participation in commodity programs.

ERS economist Joseph Glauber (786-1840) is coordinating the study. Participants in the first part of the study are Linda Calvin, Samuel Evans, Joy Harwood, Mario Miranda (Ohio State University), and Agapi Somwaru. Roger Conway, Bruce Gardner and Richard Just (University of Maryland), Hyunok Lee, Gerald Plato, and Roger Strohbehn are also involved in the longer study.

How Could International Technology Transfer Affect U.S. Agriculture?

The transfer of agricultural technology between countries is an important component in increasing world capacity to produce food. Technology transfer affects farm output, prices, consumers, technology suppliers, and world trade positions and generally provides global income benefits. Yet not all countries or sectors within a country share equally in these gains.

The impacts of technology transfer depend on a number of factors, including a country's share of world production and export markets, commodity price elasticities, type of technology transferred, and speed and means of transfer. Technology transfers are frequently impeded by a country's inability to adopt new technology and by monetary, fiscal, and agricultural policies that affect the stock and flow of technology.

Research on impacts of international technology transfer is one part of ERS's broader research program on technology issues. The program also includes assessing the economic feasibility and risk of new technologies, their impacts on the food and agricultural sector, and agricultural policy and program effects on technology research and development, diffusion, and adoption. In approaching this research, a

first step is definition of the issues to be addressed in a research program.

Technology transfer issues are the subject of a forthcoming report by ERS economist Margot Anderson (786-1401) that defines issues critical to estimating impacts of transfer on U.S. agriculture and that provides a framework for ERS and other researchers who are designing similar research.

As followup to this initial effort, planning is under way for two projects to measure changes in U.S. comparative advantage due to technology transfer; one will identify specific agricultural commodities and inputs particularly vulnerable to losses due to technology transfers and estimate the impact of transfer on production and trade in the United States and in technology importing countries.

A second project will construct a computable general equilibrium model, including government, farm, technology supply, and consumer sectors, to assess the full impact on the United States of technology transfers through both public and private channels. The model also will be designed for use in examining the influence of trade, fiscal, monetary, and agricultural policies on the direction and speed of technology transfers.

Policy Reform in World Commodity Markets

ERS economists are building on extensive trade liberalization work under way in ERS's Agriculture and Trade Analysis Division to examine the effects of policy reform on world markets for major commodities. The results will be published in a series of 11 monographs covering wheat, rice, coarse grains, oilseeds, pork, beef, poultry, dairy, tobacco, sugar, and fruits, vegetables, wine, and tropical products. The first two reports to be published will focus on wheat and tobacco.

For wheat, ERS economist Joy Harwood (786-1840)

examines the consequences of eliminating domestic and trade policies on the world wheat market. Her study indicates that world wheat prices could rise considerably in the long run, and patterns of production, consumption, and stockholding would change if complete multilateral policy reforms occurred. The total volume of world wheat trade, however, would not change substantially. If government support to agriculture is completely removed, U.S. wheat producers may see their income fall somewhat and become more variable in the short run. A rise in export demand for wheat over the long run—or Government assistance not tied to production—may result in more stable incomes. Overall, the United States probably has a comparative advantage in wheat production because of its climate, soil fertility, and marketing system, and should be a major gainer after policy reform.

For tobacco, ERS economist Verner Grise (786-1890) has examined the effects of trade liberalization of world tobacco markets. After looking at trade-distorting practices in a number of countries, Grise concludes that trade liberalization in tobacco would result in lower tobacco prices. The United States would likely gain a larger share of the world's tobacco trade, as would Brazil and Zimbabwe. The European Community, Canada, and Australia are among countries that would likely cut back tobacco production and import more tobacco.

Specific commodity effects of trade liberalization have to be considered in the larger context of gains to the overall economy from more efficient use of resources. Overall trade reform studies show that gains to the larger economy are large enough to compensate farmers for any adjustment costs they may suffer and still leave a significant net gain. This result holds for all industrial economies if trade reform is multilateral.

Deregulation and Rural Community Banks

ERS analysts Daniel Milkove (786-1896) and Stephen Hiemstra have been studying the effects of deregulation on rural banks. Milkove has concentrated on the geographic deregulation of the banking industry and how this might affect rural financial markets. Several measures suggest that the pace of structural change in banking is accelerating. As of early 1989, the number of commercial banks (13,000) had dropped by more than 1,200 since the end of 1986. Though bank failures have been quite high in recent years, most of this decrease in bank numbers is due to a rapid growth in mergers through which banks become branches of other banks. However, a closer look at the data indicates that rural communities may not be significantly affected by this activity. Many mergers came about when multibank holding companies converted former bank affiliates to branches in States such as Texas that only recently permitted extensive branching. Rural banks do not appear to be the prime targets in many cases. Instead, the rural bank or branch had been part of an urban-based banking firm and, hence, already subject to outside control.

Hiemstra has focused on the prospective effects of bank product deregulation on rural areas. He has studied the debate over repeal of the Glass-Steagall Act of 1933, legislative proposals made in 1988, and possible effects on rural areas of the proposals presented. The proposals encourage banks to organize themselves as bank holding companies, as Milkove's analysis confirms. Hiemstra's work suggests that most rural banks will see little benefit from the proposed legislation, and the stimulus to rural economic growth will probably be insignificant. The cost of underwriting securities and the small size of rural banks contribute to this outcome. The

few benefits that do accrue will probably be small because rural bank involvement in securities markets will probably remain low and because the nature of the securities business suggests that securities affiliates, even when owned by rural bank holding companies, will probably locate in urban areas.

U.S.-Canada Free Trade Agreement

ERS economists Frederick Nelson (786-1689) and Patricia Sullivan have been heavily involved in implementation of the U.S.-Canada Free Trade Agreement [see *ERS Newsletter*, Vol. 7, No. 3, June/July 1989, p. 2]. They have calculated U.S. support and developed a method of measuring farm credit subsidies.

On June 5, the United States and Canada released the producer support levels for wheat, barley, and oats calculated under the formulations specified in the U.S.-Canada Free Trade Agreement. The results show that U.S. support levels are higher for wheat and barley, but lower for oats. As a result, Canada will remove its import license on oats, permitting U.S. access to the Canadian market.

Farming in Metropolitan America

Many are surprised to learn that metropolitan areas have thriving farms. How much farming is done in metropolitan areas, what are the characteristics of those farms, and how do they change in response to the pressures of urbanization? These were the questions asked by ERS economists Ralph Heimlich (786-1422) and Douglas Brooks in their research on metropolitan growth and agriculture.

The answers? Metropolitan areas include more than 75 percent of the U.S. population and 16 percent of the land

area. These metro areas also are home to 30 percent of all farms and 20 percent of harvested cropland, and metro farms account for 30 percent of the value of agricultural products sold.

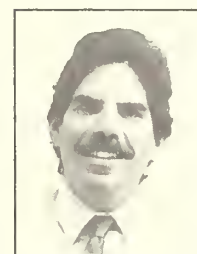
Metro farms differ from their nonmetro counterparts in several ways. The average metro farm has less than half the acreage of nonmetro farms, but it has more than twice the value of sales per acre. Metro farms specialize in high-value crops, producing more than two-thirds of the value of vegetable and

[Continued on page 8.]

Personnel Note

Krissoff Is New Section Leader in ATAD

Barry Krissoff was recently named leader, Macroeconomic



C. Riley

Policy Section, Developing Economies Branch, Agriculture and Trade Analysis Division.

Since joining ERS in 1985, Krissoff has concentrated on research on agricultural trade, agricultural trade policy, and macro-economic linkages to agriculture. Most recently, he examined issues relating to the reduction of agricultural support and its effects on developing country trade and welfare.

Krissoff has a Ph.D. in economics from the University of Virginia, with fields of specialization in money and finance and economic development. Prior to joining ERS, Krissoff taught economics at Western Michigan University and worked at the Federal Reserve Bank of New York.

He has received an ERS Administrator's Special Merit Award for outstanding research.

Highlights of Staff Activities

Agriculture and Rural Economy Division

Mary Ahearn, Thomas Carlin, David Harrington, Fred Hines, and David McGranahan discussed U.S. farming and regional aspects of rural economies with Dept. of Sociology staff, University of Quebec, Montreal, Canada • at a Western Agricultural Economics Association meeting in Coeur d'Alene, Idaho, **Douglas Duncan** presented a paper, "Agricultural Bank Performance under Alternative Risk Aversion and Deposit Feedback Scenarios: Simulation"; **Chinkook Lee** presented a paper (coauthored with **Darryl Wills**, ARED, and **Agapi Somwaru**, DSC), "Sources of Structural Change in U.S. Agriculture, 1972-82: Implications for Agriculture in the Western United States"; and **Ronald Babula's** paper (coauthored with David Bessler, Texas A&M University), "Dynamics of Farm and Nonfarm Price Transmissions: Case of Cotton," was presented by Bessler • **Calvin Beale** testified on recent rural population trends and rural telecommunications at a hearing convened by U.S. Senator Max Baucus, Chairman of the Rural Economy and Family Farming Subcommittee of the Small Business Committee, in Livingston, Mont. • **Beale** also discussed rural conditions at a University of California leadership development program in Davis, Calif. • **Beale** also presented a briefing on "Population Trends in Rural Areas" to congressional and Hall of States staff at a meeting of the Northeast Midwest Institute • during his visit to the People's Republic of China, **Lowell Dyson** presented papers, "Development of American Farm Programs" at the Research Centre for Rural Development of the State

Council and "American Farmers Organizations: History and Programs," at the Institute for Rural Development of the Chinese Academy of Social Sciences, in Beijing, and "Institutionalized Corruption" at a national symposium on economic corruption at the Centre for American Studies, Jilin University, in Changchun • **Stephen Hiemstra** was interviewed on the future of the Federal Agricultural Mortgage Corporation (Farmer Mac) by *FarmFutures* magazine and USDA Radio News • **Hiemstra, Steven Koenig, and Jerome Stam** participated in public hearings on Farmer Mac land appraisal, loan underwriting, and pooler certification standards • **John Kitchen** presented a paper, "Simple Empirical Model of Macroeconomic Effects on Agriculture: Asset Market Approach," at a meeting of the Richmond Federal Reserve Board Committee on Agriculture and Rural Development, in Richmond, Va. • **Daniel Milkove's** paper (coauthored with Vincy Fon, George Washington University), "Outside Control of Rural Banks: Principal Agent Analysis," was presented at a meeting of the Western Economic Association in Lake Tahoe, Nev. • **Norman Reid** served on a special detail to USDA's Office of the Under Secretary for Small Community and Rural Development working on the Revitalization Task Force's forthcoming report to the Secretary of Agriculture on rural development issues • **Joel Schor** lectured at the National Museum of American History as part of a Smithsonian Associates seminar, "Forty Acres and a Mule: Black Americans and the Quest for Land Ownership" • **Schor** also discussed "Evolution and Development of Biotechnology: Revolutionary Force in American Agriculture" with Central Intelligence Agency staff, in Rosslyn, Va. • **Schor and Norwood Kerr** discussed a proposed history of the 1890 colleges at a National Association of Land-Grant

Colleges and State Universities meeting • and **Patrick Sullivan** presented a paper (coauthored with William Herr, Southern Illinois University, Carbondale), "FmHA Guaranteed Farm Loans: Who Makes Them and How Do They Affect Rural Credit Markets?," at a Southern Regional Science Association meeting in Chapel Hill, N.C.

Agriculture and Trade Analysis Division

Walter Gardiner chaired a session and presented a paper, "CAP: Recent Changes and New Directions"; and **David Kelch** presented a paper, "Europe 1992 and Agriculture: Research Perspective," at a European Community Studies Association conference on "The European Community in the 1990's" at George Mason University • **Frederick Crook** presented a paper, "The Current Status of Land Contracting Systems in China," at a Food, Agriculture, and Trade Policy Workshop, in St. Paul, Minn. • **Christian Foster** discussed Soviet agriculture at a meeting of the National Grain Trade Council and the Terminal Elevator Grain Merchants Association, in Scottsdale, Ariz. • **Michael Kurtzig, Margaret Missiaen, and Patricia Scheid** met with researchers from the African Studies Center of the University of California, Los Angeles, to discuss ongoing work with the Africa/Middle East data base • **Carl Mabbs-Zeno** presented a paper, "International Responses to World Hunger"; and **Gary Vocke** presented a paper, "Agricultural Development and Trade" at a Florida A&M and University of Florida conference on "World Hunger: Understanding It from a Global Economic Perspective" • and **Mathew Shane and David Stallings** presented background material on the causes and overall consequences of the debt crisis to the House Agriculture Committee prior to Secretary Yeutter's appearance.

Commodity Economics Division

At a Western Economic Association meeting in Lake Tahoe, Nev., **David Harvey** presented a paper, "Market Dynamics of the U.S. Trout Industry"; and **William Levedahl** presented a paper, "Reconciling the Difference between Expenditures on Food Out of Food Stamps and Money Income" • **Lorna Aldrich**, **Robert Bohall**, and **Carolyn Liebrand** participated in a Northeastern Agricultural and Resource Economics Association meeting at Pennsylvania State University, in University Park, Pa. • **Edward Allen** participated in a spring wheat quality tour in North Dakota • **Allen** also visited grain companies in Minneapolis, Minn. • **Nicole Ballenger** discussed a paper (authored by Donald MacLaren, University of Melbourne, Australia), "Implications of New Trade Theory for Modelling Imperfect Substitutes in Agricultural Trade" at an International Agricultural Trade Research Consortium in Montreal, Canada • **Annette Clauson** presented a paper, "The U.S. Sugar Industry and GATT" at a Canadian Agricultural Economics and Farm Management Society meeting in Montreal, Canada • **Gregory Gajewski** presented a paper, "Assessing the Risk of Bank Failure" at a Chicago Federal Reserve Board Conference on Bank Structure and Competition, in Chicago, Ill. • **Edward Glade** participated in a meeting of the Cotton Warehouse Association of America in Asheville, N.C. • **David Harvey** discussed trends in the domestic aquaculture and seafood markets at a Maryland-Virginia Conference on Aquaculture, in Fredericksburg, Va. • **Patrick O'Brien** presented a paper, "World Agricultural Trade and Technology Issues" at a Nebraska Center for Rural Affairs Conference in Collegeville, Minn. • **Tanya Roberts** participated in an

Applied and Environmental Economists Workshop on "Estimating and Valuing Morbidity in a Policy Context" in Research Triangle Park, N.C. • **Roberts** also addressed the Southern Extension Committee on emerging food safety issues, in Gulf Shores, Ala. • **Robert Skinner** participated in a National Council of Farmer Cooperatives Cotton Committee meeting • **David Smallwood** participated in a USDA Safety Research Planning Needs meeting • and **Bruce Wendland** discussed the outlook for sunflowers and other oilseeds in the upper Midwest at a National Sun Industries meeting in Enderlin, N.D.

Data Services Center

Charles Hallahan presented a paper (coauthored with I Lok Chang, American University), "Estimation Algorithm for the Swamy-Tinsley Stochastic Coefficients Model," at an International Symposium on Forecasting, in Vancouver, B.C. • **Agapi Somwaru** presented two papers, "Sources of Structural Change in U.S. Agriculture, 1972-1982: I/O Perspective" (coauthored with **Chinkook Lee** and **Darryl Wills**, ARED) and "Modeling Dynamic Resource Adjustments Subject to Integrability Constraints" (coauthored with **Eldon Ball**, RTD, and **Uptal Vasavada**, Université Laval) at a joint meeting of the Institute of Management Sciences and Operations Research Society of America, in Vancouver, B.C.

Resources and Technology Division

Stan Daberkow participated in a Washington, D.C., seminar sponsored by Schnittker & Associates and Farm Sector Economics Associates on low-input agriculture legislation • at a Western Economics Association meeting in Lake Tahoe, Nev., **Walter Ferguson** presented a paper, "Welfare

Implications of the Delaney Clause Illustrated: Case of Hogs and Downy Mildew Control"; **LeRoy Hansen** presented a paper (coauthored with **Hyunok Lee**), "Farm Tractor Technological Obsolescence, Physical Wear, and Price Level Changes"; **Hansen** also organized and chaired a session, "Evaluating State and National Environmental Impacts: How Far Will Theory and Data Take Us?"; **James Hrubovcak** presented a paper (coauthored with **Margot Anderson**, **Robbin Shoemaker**, and **John Sutton**), "Domestic Policy Reform and Aggregate Agricultural Resource Use"; **Sally Kane** presented a paper (coauthored with **John Reilly** and **Rhonda Bucklin**), "Implications of the Greenhouse Effect for World Agricultural Commodity Markets"; and **Donald Negri** presented a paper (coauthored with **Michael Moore**, Thomas McGuckin, and **Soumendra Ghosh**), "Multicrop Production Model of Lands Served by the Bureau of Reclamation" • **Ralph Heimlich** participated in a meeting of the Southern Natural Resource Economics Committee in Athens, Ga., that focused on trends and needs in natural resource economics education • **Heimlich** also presented a paper on factors affecting the future use of land in the Conservation Reserve Program at a meeting of the American Forage and Grassland Council and its Canadian affiliate, in Guelph, Ont. • **Mary Knudson** participated in a conference on "Federal-State Regulation of Biotechnology—Plants/Microorganisms," sponsored by USDA's Animal and Plant Health Inspection Service, in Research Triangle Park, N.C. • at a meeting of the Western Association of Agricultural Economists in Coeur d'Alene, Idaho, **Olaf Kula** presented a paper, "Determinants of Conservation Reserve Participation in the Northwest States" • **John Miranowski** presented a paper (coauthored with **James Hrubovcak** and

[Continued on page 8.]

Address Correction Requested
Forwarding Postage Guaranteed

F

7

L

J

[Highlights, continued from page 7.]

John Sutton), "Effects of Commodity Programs on Resource Use" at the University of Maryland's Commercial Agricultural and Resource Policy Symposium in Baltimore, Md. • **John Reilly** was one of five U.S. representatives on Working Group Two of the Intergovernmental Panel on Climate Change that met in Moscow, U.S.S.R., to develop plans for their working group report on the socioeconomic effects of climate change • RTD researchers met with representatives of several national environmental interest groups, including the Natural Resources Defense Council, American Farmland Trust, and National Audubon Society, to brief them on RTD's research program and to discuss emerging environmental issues related to agriculture • and **Marlow Vesterby** participated in a USDA interagency meeting with a representative of The Netherlands' National Council of Agricultural Research to discuss cooperative work on land use planning and water quality through use of technical expert exchanges.

Office of the Administrator

John Lee joined other USDA and OMB officials for a tour of the Big Spring Groundwater Demonstration Project in northeastern Iowa • **Lee** also participated in a meeting of the Great Plains Agricultural Council in Lubbock, Tex., where he completed 4 years on the GPAC Executive Committee • **Lee** also chaired a session of the "Research 2000" Conference sponsored by the Experiment Station Committee on Organization and Policy, in Washington, D.C. • **Edward Reinsel** participated in a meeting of the U.S. Census Advisory Committee on Agricultural Statistics in Fresno, Calif. • **Bob Robinson** participated in a meeting of the Organization for Economic Cooperation and Development, in Paris, France • **Robinson** also participated in an Auburn University Agricultural Experiment Station Task Force meeting in Auburn, Ala. • and **Robinson** participated in an International Agricultural Trade Research Consortium meeting in Mont-Rolland, Que.

[Metro Farming, continued from page 5.]

fruit sales and more than three-fourths of the value of nursery and greenhouse sales. Metro farms use more fertilizer, pesticides, and hired labor per harvested acre than do nonmetro farms. Also, more metro farmers report a nonfarm occupation and more off-farm work than nonmetro farmers.

Heimlich and Brooks point out that urbanization exerts both negative and positive forces on metro farms. Increasing population may cause increased vandalism and complaints about spraying and odors, but it also opens markets for high-value specialty crops and "pick-your-own" operations. Development pressures increase land prices, raising the opportunity cost of farming, but higher land prices increase farmers' ability to obtain financing for their operations. Growing interest among urban planners and residents in retaining tracts of open, undeveloped land in and around growing urban areas could ensure a permanent place for farms in metro America.