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# AREED Newsletter

Agriculture and Rural Economy Division  
Economic Research Service  
U.S. Department of Agriculture

Spring 1988



Economic and Social Research  
for Rural America

**CONTENTS**

LIST OF PUBLICATIONS.....page 3

ADMINISTRATOR'S SPECIAL ACHIEVEMENT AWARD TO ARED.....page 4

ARED REFLECTIONS.....page 5

FEATURED RESEARCH.....page 6

OFFICE OF THE DIRECTOR.....page 6

FARM SECTOR FINANCIAL ANALYSIS BRANCH.....page 7

FINANCE AND TAX BRANCH.....page 10

FARM AND RURAL ECONOMY BRANCH.....page 16

RURAL BUSINESS AND GOVERNMENT BRANCH.....page 18

HUMAN RESOURCES BRANCH.....page 22

NATIONAL ECONOMY AND HISTORY BRANCH.....page 25

THE DATA SCENE.....page 28

ARED PEOPLE.....page 29

PERSONNEL.....page 33

EDITOR'S NOTES.....page 35

## LIST OF PUBLICATIONS

1.	Economic Indicators of the Farm Sector: State Financial Summary, 1986.....	page 9
2.	What Price Farmland?.....	page 9
3.	Farm Sector Review.....	page 10
4.	Financial Sources for Local Infrastructure Investment.....	page 11
5.	Credit as an Input.....	page 11
6.	Agricultural Finance: Situation and Outlook.....	page 12
7.	More Than a Facelift for the FCS.....	page 12
8.	Banking Problems 'Narrower But Deeper' in 1988.....	page 12
9.	The Affordability of Adequate Housing.....	page 14
10.	Perspectives on Household Portfolios, 1977-1983.....	page 15
11.	The Agricultural Work Force of 1985: A Statistical Profile.....	page 17
12.	Regional Characteristics of U.S. Farms and Farmers in the 1980s...	page 17
13.	Local Farm Structure and Community Ties.....	page 17
14.	Targeting Federal Assistance to Local Governments in Rural and Low-Income Areas, 1972-1983.....	page 18
15.	Rural and Urban Government Fiscal Trends, 1977-82.....	page 20
16.	Federal Funds to Rural Areas: Fair Share? Right Mix?.....	page 20
17.	Percentile Distributions of Selected Social Indicators for 1980 Metropolitan Census Tracts.....	page 22
18.	The New Immigration: Implications for Poverty and Public Assistance Utilization.....	page 22
19.	What's an Enclave? The Case for Conceptual Clarity.....	page 23
20.	Journal of Agricultural Economic Research.....	page 25
21.	An Empirical Analysis of the Leontief Paradox in U.S. Agricultural Trade.....	page 25
22.	U.S. Money Supply and Exchange Rates: Long Run Effects on the World Feedgrain Market.....	page 28
23.	A Simple Forecasting Model Linking Macroeconomic Policy to Industrial Employment Demand.....	page 28





**ADMINISTRATOR'S SPECIAL ACHIEVEMENT AWARD**

To the Senate-mandated Study Group of Rural Conditions, ARED, "For producing Rural Development in the 1980's: Preparing for the Future, an excellent and timely report which has been widely acclaimed."

Pictured above in the photo are: (standing, from left to right) Mindy Petrulis (FRE), Linda Swanson (HR), Dick Long (DO), Max Jordan (HR), Doug Bowers (NEH), Margaret Butler (HR), Tom McDonald (EMS), Len Bloomquist (HR), Martha Frederick (RBG), Donn Reimund (FRE), Tom Hady (NEH), Peggy Ross (HR), Linda Ghelfi (HR), Pat Sullivan (FT), Calvin Beale (HR), Elliott Dubin (RBG), Rick Reeder (RBG), Dan Milkove (FT), Jerry Schluter (NEH); (seated, from left to right) Molly Killian (HR), David McGranahan (HR), Herman Bluestone (RBG), Norm Reid (RBG), and Sara Mills Mazie (DO).

Also included in the Award, but not in the photo, were: Andi Baker (DO), Susan Bentley (FRE), David Brown (formerly DO), Tom Carlin (FRE), Gwen Coleman (formerly DO), Bob Coltrane (FRE), Sharon Davis (FRE), Ken Deavers (DO), Tom Stucker (FRE), Greg Gajewski (FT), Sybil Glascock (DO), Nina Glasgow (formerly RBG), David Harrington (DO), John Hession (DO), Fred Hines (FRE), John Kitchen (NEH), Joseph Lockley (RBG), Celeste Long (RBG), Susan DeGeorge (EMS), Richard Truesdale (EMS), Jim Malley (NEH), Jim Miller (RBG), Lisa Nanches (RBG), Betty Nichols (DO), Jerry Stam (FT), Douglas Parry (DSC), and Barbara Barnes (DSC).

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## ARED REFLECTIONS

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### Cooperative Agreements In ARED's Research Program

by Dick Long, Associate Director



Congress created the cooperative agreement mechanism almost a century ago specifically to let USDA and Land Grant researchers work together with a minimum of red tape. The

Economic Research Service, especially our division, uses the agreement authority to stretch its resources and support work that is relevant to our research agenda. The significance of agreements in the ARED research program has varied over the years, depending on our budget and research priorities.

A cooperative agreement is a formal arrangement for transferring money and other resources, usually from a Federal agency to a non-Federal cooperator. Its purpose is to improve flexibility, efficiency and coordination of research.

Legally, the distinguishing feature of cooperative research agreements is the common research interest of the parties. Each party pursues its own agenda, sharing the cost. As an agency, we use agreements to help an outside researcher produce a better product; one more directly relevant to our needs. A cooperative agreement differs from contract research or a research grant. In contract research one party purchases a product from the other. Under a grant one party pays for the other to work on its own research agenda.

Our agreements never yield a financial profit for the cooperator and never cover overhead.

ERS sometimes enters agreements with a private university or research institution. It is more common under our agreements for money appropriated to ERS to flow to a land grant school. The cooperator usually agrees to produce a research report or describe a new methodology. Typically, the cooperator is required to invest staff time and other resources, as well as bear overhead costs.

We have found cooperative agreements useful for several reasons. They expand the amount and range of talent we can bring to bear on agricultural and rural development questions we think are especially important. They can also give us access to new methodologies or research techniques. On occasion we use agreements to address new questions, particularly those we suspect will have brief shelf lives. The flexibility agreements give us has been especially important in recent years. Failure of the congressional budget process has shortened the time we have to plan and obligate our funds for internal research agendas.

Ideas for many studies and suggested cooperators arise as the branches plan their research programs. Proposals also come from potential cooperators. ARED selects most of its agreements every year on the recommendation of a staff committee consisting of the branch chiefs and the deputy and associate directors. Once the staff committee assigns each selected proposal a priority, the director reviews them for quality and compatibility with our program. Agreements are then signed by the director in priority order, as fund reviews show that money is available.

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## FEATURED RESEARCH

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### Will "Workfare" Work?

In recent years there has been increasing concern that Aid to Families with Dependent Children (AFDC) fosters dependency among its recipients. While this contention remains hotly debated, it has given rise to Congressional welfare reform proposals that place greater emphasis on gainful employment as a means of escaping poverty.

A key feature of these proposals is "workfare," which seeks to reduce welfare dependency by providing training and employment search services to welfare clients, and by requiring them to seek and obtain a job. While workfare would be expensive, it is hoped initial losses would be recouped over time via shorter welfare rolls and greater revenues from income taxes. However, this outcome pivots on the little studied assumption that there would be enough jobs available to put welfare clients to work.



Len Bloomquist and Leif Jensen (Human Resources Branch), with Ruy Teixeira (Abt Associates) address this assumption by providing a preliminary assessment of the number of jobs available for welfare clients. They conclude that under current economic conditions, the number of welfare clients who would be expected to work would far exceed

the number of available jobs. This disparity is even more glaring when the unemployed are counted among the pool of job seekers. Their assessment is somewhat less pessimistic in nonmetropolitan (nonmetro) than metro areas of the country. Drawing from a supply and demand perspective they analyze CPS data to estimate the number of welfare clients who would need to find jobs (supply) and compare this to their estimate of the number of vacant jobs for which they are suitable (demand). The former estimate takes account of the fact that certain welfare recipients (such a mothers with very young children) would be exempt from participation in workfare. Their estimate of labor demand acknowledges that welfare recipients would qualify for only certain occupations, and only a certain number of those would be vacant at any point in time.

They find that the ratio of job seekers to available jobs would be about 14:1 in metro areas and 9:1 in nonmetro areas. The authors note that many assumptions had to be made in this exercise, but for the most part they erred in favor of workfare when making methodological decisions. Thus the true ratio of job seekers to available jobs might well be higher.

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## OFFICE OF THE DIRECTOR

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### RDP Board Changes

by Sara Mills Mazie

The members of the Rural Development Perspectives Editorial Board are the unsung heros of the journal. The broad perspective, depth and range of experience they



bring is invaluable. The hard work and time they put into the selection, review and refinement of articles is critical to the success of the journal. **Len Bloomquist's** work as Book Review Editor and **Greg Gajewski's** as Indicators Editor are critical in getting each issue "put to bed."

In recent months the membership of the Board has changed as some complete their "tour of duty" and pass the baton on to others. **Tom Hady**, Chief of the National Economy and History Branch, is now Associate Editor, taking over for **Herman Bluestone**, Leader of the Rural Business and Industry Section. **Dave Sears**, Leader of the Government and Development Policy Section, and **Sue Bentley**, sociologist with the Farm and Rural Economy Branch have joined the Board while **Tom Stucker** has rotated off.

The next issue of RDP is expected off the press soon. It includes articles on the latest in population trends in rural America, the rural-urban division of labor that places rural areas at a disadvantage, and the minimal effect recovering farm exports will bring to the local economies of areas where export crops are grown.

As always, we are interested in receiving suggestions for RDP articles. We are also interested in "tid bits of information" that would make good "Short Subjects" items. Please come see me, give me a call (202) 786-1547 or write me at ERS (room 324) with your suggestions. Also if you have never seen an issue of RDP and would like to, please call me or Lisa Nanches and we would be pleased to send you a complimentary copy. Subsequent copies can be obtained by subscribing to RDP.

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## FARM SECTOR FINANCIAL ANALYSIS BRANCH

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### A View from the Branch

by Jim Johnson

FSFA staff are currently focusing on preparing the economic data series for the 1987 calendar year and on updating our assessment of likely 1988 farm sector and farm business/household financial performance. The Farm Cost and Returns Survey (FCRS) provides the data needed to develop the aggregate sector economic indicators and to analyze the performance of various farm groupings by a variety of operator, farm business, and geographic characteristics.

The survey process is an ongoing activity, with efforts to bring one year's survey to a close overlapping efforts needed to initiate the next survey. Data edit and analyses have been completed for the 1987 calendar year survey, including reviews by all NASS State Statistical Offices. Final summary outputs have been produced and checked against levels expected. Meanwhile, the 1988 calendar year survey is well underway. A combined list and area sample of 26,002 potential contacts (pending funding) has been selected, including survey replicates for general production expenses and income, production practices, and resource flows between the farm business and household. The data collection period for the 1988 survey has been tentatively established to run from the last week of February through the first week of April, 1989.

Cooperation and communication within and outside ERS is vital to survey effectiveness. The Commodity Economics Division is developing the production practices questions for the sugar crops and hogs, with FSFA

responsible for the design and content of other versions. FSFA coordinates its work with the Resources and Technology Division to make sure that essential resource use and conservation questions are being covered. A draft version of the 1988 aggregate farm level questionnaire has been developed and forwarded to the National Agricultural Statistical Service (NASS). To include field level knowledge of how questions were interpreted by farmers and enumerators, FSFA staff spent time editing data in Nebraska, Michigan, Texas, Virginia, and Maryland. We also spent a day reviewing the 1987 survey with NASS's supervisory enumerator panel.

Receipt of the 1987 survey data tape on May 16th started a flurry of Branch activities. First, the roughly 1,000 data items for each farm record will be aggregated into a more manageable set of income, expense and balance sheet items and down loaded into a "public use" disk file. Then, the survey data will be used to develop farm operator financial analyses and the Department's first hard estimate (based on observed data) of 1987 farm income. The survey is particularly important to the development of the estimates of production expenses, farm related income items such as customwork, and off farm earnings from all sources.

The first estimates of the 1987 farm income are due to be delivered to the Bureau of Economic Analysis for incorporation into the National Income Accounts on June 17. At the same time, the estimates of each State's income and expenses are sent to the NASS state offices for their review and assessment prior to release by ERS. Meanwhile, the Branch is also preparing its estimate of the 1987 costs and returns of producing major crops,

including wheat, feed grains, cotton, and rice. These estimates will be published along with the specialty crop and livestock budgets prepared in CED in the ECONOMIC INDICATOR SERIES later this summer.

FSFA also has several new program thrusts underway. First, after 2 years of planning, the Division is proceeding with expanding the Ag Finance S&O Report into a quarterly series. For the past several years Jerry Stam (F&T) has coordinated the AFO as an annual publication with emphasis on ag lenders. He will continue with a "lender perspective" in the February issue. The other three issues are being coordinated by Bob McElroy (FSFA) with each issue having a unique focus.

The June issue will focus on the distribution of aggregate forecast data by region. It will also include a more in-depth analysis of distribution by farm type and sales class than will be routinely presented in the regular core section. The present year's cost-of-production forecasts will be included as a timely point of interest as farmers finish spring planting.

September's issue will be on the first preliminary estimates of the previous year's income and balance sheet. With new FCRS data just in, the most up to date financial analyses can be presented. In addition, the core material will be heavily weighted by a discussion of the impact on income and finances of the August Crop Production report.

December will have a shared focus. The first will be a complete balance sheet-rate of returns analysis with U.S., Regional, State, and farm type flavor. The second will present the basics behind the income forecasts recently presented at the USDA Outlook Conference.

Besides these special thrusts, there will be quarterly-updated core sections on farm income, balance sheet, and macro/trade/tax issues. Contributing on a regular basis will be FSFA, F&T, and NEH. Special articles relating to income and finance are welcomed; see Bob McElroy. The first issue of the new Agricultural Income and Finance S&O comes out the first week of June. Look for it and provide us with your feedback.

### Farm Income Estimation Section

#### Research

On March 21, 1988, the preliminary monthly cash receipts (income estimates) report for 1988 was given to the Department of Commerce-BEA-Regional Analysis Branch. The March preliminary cash receipts report contained aggregated values for crop receipts, livestock receipts, and total cash receipts for the U.S. and States. In addition, the report contained U.S. commodity cash receipt subtotals (meat animals, dairy products, food grains, feed crops, etc.).

Preliminary 1987 inventory changes were reported to BEA on March 25, 1988. The reported numbers included estimates of individual livestock and crop commodity inventory changes for the U.S. Estimates of the inventory change for aggregate livestock and crop subtotals, and State totals were also provided.

BEA makes use of the cash receipts and inventory data in their initial quarterly calculations of total industrial income (for the April Survey of Current Business report). Preliminary estimates of net farm income are made to be used as a control for the total industrial income calculation.

### Farm Financial Analysis Section

#### Publications

Published reports include: Economic Indicators of the Farm Sector: State Financial Summary, 1986, and "What Price Farmland?" by William Heneberry (retired RTD) and Charles Barnard in Our American Land: 1987 Yearbook of Agriculture. This article traces U.S. farmland values starting with the \$1 an acre minimum in the Land Ordinance of 1785 to the first census values of less than 50 cents an acre in many countries in 1850 to the present volatile values in the 1970's and 1980's.

#### Papers Presented and Meetings Attended

"Financial Characteristics of U.S. Cotton Farms, January 1, 1987" was presented by Duane Hacklander (co-authored by Dave Banker) at the 1988 Beltwide Cotton Conferences in New Orleans. Financial performance of cotton farms, as measured by the latest FCRS data, was mixed. Cotton farms had the highest average debt-to-asset ratio of the various farm types. On the other hand, net farm income and net cash household income per farm were well above average. Cotton farms had positive net cash family income in all debt-to-asset categories. But, there was undoubtedly serious financial stress among some cotton farms in 1986. This was evidenced, in part, by the fact that over 1/5 of all cotton farms had debt-to-asset ratios exceeding .7 and within this group nearly 40 percent also had negative household cash incomes.

In mid-April, Duane Hacklander, Jim Ryan, Richard Kodl (EIRF), and Ken Erickson met with four people from the Flow of Funds Section of



the Board of Governors of the Federal Reserve System. They discussed: (1) development of a cost basis balance sheet for the U.S. farm sector, (2) estimation of the value of farm financial assets, (3) estimation of rates of return on equity in the non-farm sector using recently developed data series, (4) development of a more complete flow of funds accounting for agriculture, and (5) data series and latest farm income and balance sheet forecasts in ERS's April Agricultural Finance Situation and Outlook Report.

Economic Indicators Research  
Forecasts Section

Research

Robert Dubman continued work on the financial performance of specialized farm series with emphasis on rice and cotton farms. In addition, he is investigating a simple but empirically promising method of forecasting asset values using financial ratios and vector autoregression.

Andy Bernat has joined Richard Kodl in the farm income forecast project. Andy worked in RTD prior to joining ARED, and holds a PhD from Virginia Polytechnic in Blacksburg. Andy is currently streamlining the computer programs used to estimate farm incomes.

Publications

Diane Bertelsen edited the 1986 Farm Sector Review, which provides an in-depth analysis of farm sector performance. This publication has been reorganized and most tables have been shortened to promote better accessibility to the lay-reader.

Gregory Hanson and Diane Bertelsen had an invited paper published in the December AJAE showing that the 1986 Tax Reform Act has greatly lessened the incentives of hog, beef, and dairy producers to expand production. This partly explains the current slow growth in livestock numbers, which has helped to bolster livestock profits. Diane is currently revising her tax computation model to account for state tax effects on farm incomes.

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**FINANCE AND TAX BRANCH**

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View from the Branch

by Pat Sullivan

Since the last newsletter, the branch has taken up its new residence within the building. Moving from the northwest corner of the 12th floor to the southeast corner of the 8th floor has had a definite impact on my view of the world. I can now look down upon the perennial New York Avenue construction project, which is doing its best to discredit the notion that contracting out to the private sector can improve governmental efficiency. (One would think they could find a more convenient location to practice digging and refilling holes.) Or, I can look around my own office at the piles of assorted publications and forgotten paperwork that I refuse to admit have found their permanent home. Given these two choices, its tough to sit here and expound upon the growing horizons of the branch's work.

Instead, I'd like to cover some of the highlights of one of the branch's basic products -- the annual Agricultural Finance Outlook



report. A joint effort between the FSFA, NEH and FT branches, this year's AFO paints a somewhat brighter picture for farmers and farm lenders than have its recent predecessors. Record high levels of Government payments, a profitable livestock sector, generally excellent crop yields, and further declines in production expenses resulted in record levels of farm income in 1987. Improving land values and further declines in farm debt boosted farm equity for the first time since 1980. Declines in the value of the dollar lead to sharp increases in exports of food and related products.

Improvements in the farm sector's income and balance sheet were also felt by agricultural lenders. All the major institutional farm lenders, except the Farmers Home Administration, experienced reduced stress in their farm loan portfolios during 1987. Fairly stable interest rates, reduced farm loan delinquencies and charge-offs, increasing assets values, and accelerated prepayments have all helped farm lenders cope with their farm loan problems. The weak demand for new farm loans has resulted in a very competitive loan market for qualified borrowers, but loan eligibility standards, tightened during the heart of the farm financial crisis, remain high.

The outlook for the farm sector and its lenders remains optimistic for the near term. Farm income and exports are expected to remain high in 1988, land values should continue to strengthen, and the troubles lenders are having with their farm loan portfolios should further subside, overall. However, considerable uncertainty remains over the longer term viability of the farm sector recovery, at least among lenders. In the face of heavy farm sector reliance on governmental

supports, possible changes in farm policy in the 1990 farm bill, strengthened borrowers rights, and uncertainty over the ultimate impact of the Farm Credit Act of 1987, lenders remain cautious about the future prospects for the farm sector.

#### Branch Activities and News

Local Infrastructure Investment in Rural America, edited by T.G. Johnson, B.J. Deaton, and E. Segarra and published by Westview Press in January, includes a chapter authored by Pat Sullivan on "Financial Sources for Local Infrastructure Investment." The chapter reviews the major sources of financing available to rural governments facing major capital expenditures: Federal assistance, State assistance, local revenue and bond financing, and private/public cost-sharing. Strengths and weaknesses of the major options within each category are discussed, along with funding prospects for the future.

Dave Freshwater (Joint Economic Committee) and Pat Sullivan authored a paper on "Credit as an Input" for a forthcoming RTD publication describing the current condition of the major farm input industries. They discuss the role of credit within the ag production process, review shifts in the demand and supply of credit over the past decade, and postulate about future changes in the farm credit market.

#### Ag Finance Section

##### Research

Ellen Burkhart and Greg Gajewski are completing a paper titled "Agricultural Banks in the Energy Belt: A Double Whammy?". They are

hoping to get it accepted for publication in the Dallas Fed's Economic Review. Their research shows that ag banks in the energy belt outperformed ag banks elsewhere during 1982-1985, but were markedly worse off by 1986. Moreover, the rebound that began in mid-1986 for ag banks nationally is not as strong for ag banks in the energy belt. Ag banks in the region do outperform local nonfarm banks, with the gap widening over time.

### Publications

The annual Agricultural Finance: Situation and Outlook (AFO-28) report was published on April 11. The 71-page report was coordinated by Jerry Stam with contributions by 10 other analysts from the Finance and Tax, Farm Sector Financial Analysis, and National Economy and History branches. The report includes analysis of general economic conditions, the farm sector, ag lenders, and farm income taxation.

"More Than a Facelift for the FCS" by Merritt Hughes was published in the March 1988 issue of Agricultural Outlook. The article outlines the major changes at the FCS as provided for in the Ag Credit Act of 1987. Also published in the March issue were "Credit Legislation goes beyond the FCS," by Steve Koenig and Steve Hiemstra, reviewing provisions and prospects for secondary markets in ag and FMHA loans, and "Chapter 12's First Year," by Steve Koenig. The Chapter 12 bankruptcy provision has now been in effect for more than a year, and its effects are beginning to be known.

Greg Gajewski's article, "Banking Problems 'Narrower But Deeper' in 1988" was in the May issue of

Agricultural Outlook (AO-141). His forecasts show that bank failures may be down somewhat from last year's post-Depression record of 202, but the forecasts don't take into account the recent unexpected deterioration of several big Texas multibank holding companies. Even aside from these recent developments, the forecasts do show a marked increase in the size of banks vulnerable to failure and a shift in banking problems from banks in the North Central and Corn Belt States to banks in the Southern Plains States. Ag bank failures are forecast to be down for the first time since 1983.

### Papers Presented and Meetings Attended

Jerry Stam presented a paper entitled "Farm Lender Acquired Property in Perspective" at the Southern Ag Economics Association Annual Meetings held at New Orleans, Louisiana on February 1-3. The paper was co-authored by Steven Koenig and Gregory Gajewski and explored issues of lender-held acquired property by estimating lender property holdings, summarized lender policies, and evaluated acquired property as a factor in farm real estate markets.

Greg Gajewski presented a paper titled "Bank Risk, Regulator Behavior, and Bank Closure in the Mid-1980's: A Two-Step Logit Model" at the annual Eastern Economic Association Meetings in Boston, Massachusetts in March. His model uses bank-level financial indicators and local economic characteristics to determine each bank's annual probability of closure. Greg found that the dependency of a bank's headquarters' county on the energy sector and the bank's exposure to ag credit risk are positively and

significantly related to the bank's probability of closure.

Factors showing regulators' concern about contagious bank runs, not directly related to a bank's solvency, markedly improve the model's fit and predictive power. These factors include the size of the bank and, for multibank holding company (MBHC) subsidiaries, the number of banks affiliated with their parent MBHC. Other factors equal, big banks and banks belonging to MBHC's with many other bank subsidiaries have lower closure probabilities. These results have implications for the regulatory screening process and cast doubt on the wisdom of granting large or MBHC-affiliated banks expanded powers to underwrite securities or participate in direct real estate investments.

Greg Gajewski used his bank failure model to forecast bank failures in 1988 and evaluate the changing nature of the stresses facing the Nation's banking system. He presented the results of this forecasting exercise at the March meeting of the National Ag Credit Committee in Washington, D.C.

Greg Gajewski and Merritt Hughes attended the annual conference on bank structure and competition sponsored by the Federal Reserve Bank of Chicago in mid-May. The conference addressed the ongoing debate about banking deregulation and reviewed recent developments in banking research.

#### Briefings and Miscellaneous

Pat Sullivan and Ron Durst participated in the preparation of Ewen Wilson's testimony before the House Ag Committee on March 17. The

subject of the hearings was the "Effects of Recent Changes in the U.S. Tax Code on Agriculture and Rural Communities." The primary focus of the hearings was the requirement to capitalize preproductive period expenditures and the new collection procedures with respect to the diesel fuel tax. The tax treatment of conservation reserve payments as well as the tax treatment of loan loss reserves of the Farm Credit System was also discussed during the hearings.

Jerry Stam completed the 18-hour "ERS Writers' Workshop" in February.

#### Awards

Greg Gajewski completed all the requirements for his Ph.D. in Economics at the George Washington University. The degree was awarded on May 8.

Jerry Stam, David Freshwater (Joint Economic Committee), Gregory Gajewski, Gregory Hanson (FSFA), Ronald Jeremias, Ralph Monaco (NEH), and David Trechter (Congressional Budget Office) received an Administrator's Special Merit Award on April 12 "For outstanding achievement in producing a comprehensive quality analysis of general economic conditions, the farm sector, agricultural lenders, and tax reform as published in the Agricultural Finance: Situation and Outlook (AFO-27).

#### Rural Finance and Tax Section

#### Research

Mike Le Blanc, James Hrubocack, Roger Conway (RTD) and Ron Durst recently completed "Economic Consequences of Tax Reform on



Agricultural Investment." The report examines the implication of the Tax Reform Act of 1986 and other tax proposals for investment in ag equipment. Findings suggest that changes contained in the Tax Reform Act of 1986, including repeal of the investment, should lead to lower investment in ag equipment than under prior law.

Deano Hagerman and Gregory Gajewski completed a paper titled "A Profile of Recent Bank Failures." The paper was submitted to the AAEA for presentation at the July meetings in Knoxville. Parallels are drawn between banks that failed in the 1920's and those failing in the 1980's. The recent ag and energy sector booms and subsequent contractions are highlighted and related to deteriorating bank conditions and failures. Overexposure to credit risk associated with the volatile ag and energy markets has been a major cause of commercial bank failures in the mid-1980's.

Don Lerman and Jim Mikesell combined efforts to produce "Rural Poverty: An Income/Net Worth Approach," which was accepted for publication in Policy Studies Journal. Using 1983 data, the authors examine how the size and composition of poverty in rural and urban areas changes when wealth is included in poverty definition. The authors presented their results at a Finance and Tax Seminar on April 27.

Ken Krause recently completed "Corporate Farming 1969-82," a report that found that the number of incorporated farms rose by 178 percent between 1969-82. Tax advantages were cited as the chief impetus for the shift to corporate form of organization. The report

also found that despite the increase, 89 percent of all farm corporations were family corporations.

Stephen Hiemstra and Steve Koenig are working with David Freshwater (Joint Economic Committee) to analyze the effects of creating a secondary market for farm mortgage loans. Success of the secondary market depends critically on the number of mortgage loans pooled, implying that underwriting standards and participation of the Farm Credit System, which originates a large share of all farm mortgage loans, will substantially affect the performance of this market. Qualifying borrowers are likely to see lower interest rates when credit supplies are adequate and increased access to credit when supplies are tight. Non-qualifying borrowers may also benefit indirectly through improved credit pricing and lender liquidity.

#### Publications

Don Lerman and Bill Reeder (HUD) published "The Affordability of Adequate Housing" in the Winter 1987 issue of the Journal of the American Real Estate and Urban Economics Association. In the article, a "quality-based" measure of housing affordability difficulty based on the cost of housing just meeting government adequacy standards is proposed as an improvement over the conventional high rent-to-income criteria. Using 1975 and 1983 Annual Housing Survey data, 35 percent of rental households had an affordability problem by the conventional but not the quality-based measure, while 19 to 23 percent of rental households had an affordability problem by the quality-based measure but not the conventional measure.



**Don Lerman's** article "Perspectives on Household Portfolios, 1977-1983" was published in the December 1987 issue of Eastern Economics Journal. The article examined changes in the asset and of debt positions of U.S. households between 1977 and 1983. The share of "high-debt" households (those with nonhousing debt-to-income ratios of over 50 percent) was found to increase over the period, but most of this increase was in wealthy households.

#### Papers Presented and Meetings Attended

Stephen MacDonald (CED) and Steve Hiemstra presented a paper at the April NCR-134 conference in St. Louis which summarized their work on the Trade Estimates System (TES). TES is a spreadsheet program which computes a range of ag export projections and graphs historical data to assist analysts in CED and ATAD in making quarterly export forecasts for roughly 20 commodities for countries and regions worldwide. A longer version of the paper presented will soon be published in the ERS staff paper series.

**Don Lerman and Jim Mikesell** coauthored "Impacts of Adding Net Worth to the Poverty Definition." The paper was presented at the EEA Conference in March in Boston. Compared to the conventional income-based poverty measure, the authors found that a measure of poverty based on both family income and wealth, includes in poverty more young persons, renters, large families, and residents of large central cities.

**Dan Milkove and Pat Sullivan** presented "Rural Commercial Banks and Bank Markets: A National Perspective" at the Annual Southern

Regional Science Association meeting in Morgantown, WV, on April 16. The paper addressed the current structure of rural bank markets, changing bank structure since 1960, and lessons that past changes might tell us with respect to projected geographic deregulation in the future. They were invited as part of a session on financing economic development, and provided national data to supplement State studies discussed by other participants.

Ron Durst recently attended a seminar on the Passive Loss Rules enacted as part of the Tax Reform Act of 1986. The focus of the seminar was the regulations recently released by the Internal Revenue Service. The Passive Loss Rules were enacted to restrict the ability of taxpayers to utilize losses from activities in which they do not participate to offset other income. In farming, the rule affects the ability of nonfarm investors to utilize various farm investments to shelter their off farm income. Farm landlords are also affected by the new rules.

#### Briefings and Miscellaneous

**Jim Mikesell** taped a TV interview about the role of mobile homes in rural America with Pat O'Leary of EMS-TV. He pointed out that the building standards and plans of rural communities should recognize that mobile homes are a popular source of acceptable housing for a sizeable portion of the rural populace. Mobile homes have been built to Federal standards since 1974, are less costly than conventional homes, and are particularly popular with younger married couples, persons with below median incomes and those with no post high school education.

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## FARM AND RURAL ECONOMY BRANCH

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### View from the Branch

by Tom Carlin

In January, I had the opportunity to participate in a meeting of the North Central Regional Research Committee investigating the determinants of farm size and structure. The session was designed to provide an overview of our research knowledge about various factors that might influence farm structure. I was asked to give some thought to the relationship between farm structure and rural communities, usually interpreted to mean community "viability."

Goldschmidt's classic study of Arvin and Dinuba in the late 1940's is generally considered the genesis of this area of research. There have been a number of studies over the years which examined the question. Generally, these studies suggest that the nonfarm sectors of rural communities fare better under a farm economy dominated by small- and medium-sized farms.

There seem to me to be some problems with this paradigm as we enter the 1990's. The more a local area depends on farming, the more likely that changes in the fortunes of the farm sector will be felt in the local community. The problem is that there are fewer "farming communities" today. As communities diversify and grow, it is more likely that changes in the community will begin to affect the structure of the local farming sector. Analysis of how community characteristics affect farm household well-being and farm structure, seems to me to be a more insightful approach for students of farm structure as they attempt to understand where the farm sector is heading.

During the last quarter, Judy Sommer and Vic Oliveira have been promoted in recognition of their continued high quality research and staff work. I congratulate each and thank them for their contributions to the FRE research program. In other personnel actions, Claudia White resigned from ERS and Tom Stucker has transferred to CED. I thank them both for their contribution to the FRE research program.

Robert Coltrane, Donald Larson, Jim Duffield, and Vic Oliveira participated in a pretest of the Agricultural Labor Survey in North Carolina, Pennsylvania, Georgia, and Washington during the week of April 18. The researchers travelled to their respective states to observe the data collection process and evaluate questions relating to farm labor use as part of the Immigration Reform and Control Act of 1986.

The Act requires USDA and the U.S. Department of Labor to jointly estimate the shortage, if any, of workers in seasonal ag services for each fiscal year from 1990 to 1993. Seasonal ag services are defined as field work related to planting, cultivating or weeding, growing and harvesting of fruits, vegetables, and other selected crops. USDA has responsibility for estimating the demand for workers and the Department of Labor has responsibility for estimating the supply of workers in seasonal ag services. The "shortage" is the difference between supply and demand.

Information from the survey will be used to project demand and help determine the number of replenishment alien workers to be admitted to the United States in the event of a shortage. Comments and recommendations from the researchers are currently being reviewed in

order to prepare the finalized questionnaire and procedures to be used in collecting the required information.

### Ag Labor and Household Well-Being Section

#### Publications

AER No. 582 "The Agricultural Work Force of 1985: A Statistical Profile" by **Victor Oliveira** and **Jane Cox** was released in March. The report is a statistical and descriptive analysis of the economic and demographic characteristics of the three components of the ag work force: hired farmworkers, operators, and unpaid farmworkers. The report indicates that over 8 million people were employed on U.S. farms at some time during 1985, including 2.5 million persons who did hire farmwork, almost 2.9 million persons who operated a farm, and about 3.8 million persons who did unpaid farmwork. Over 1 million workers performed more than one of these three activities.

### Ag and Community Linkages Section

#### Research

**Mindy Petrulis** and **Wyn Francis** are writing an article for the National Food Review on ag processing industries. Using County Business Patterns Data for 1975 and 1984, they are analyzing the national and regional changes in employment and establishments during the ten-year period. While ag processing industries declined slightly overall, some interesting regional trends emerged. In contrast to national demographic and economic patterns in the 1980s, ag processing industries appear to have been moving from high density urban environments to more rural settings,

often to the South or West. Also, these industries seem to have gone through a period of consolidation and mergers, as the level of industry concentration grew.

#### Publications

In March, **Matt Smith** (formerly ARED) and **Fred Hines** published Regional Characteristics of U.S. Farms and Farmers in the 1980's. The authors attempted to identify more homogeneous farming subregions to better analyze the varying geographic impacts of farm policy measures and the degree to which the fortunes of agriculture affect the larger rural economy. **Matt** and **Fred** feel that studying in more detail the economic and social characteristics of farm subregions may also provide insights for developing more effective strategies for rural economic development.

Also in March, **Tom Carlin** and **Bernal Green** published Local Farm Structure and Community Ties looking at the range of factors that affect a county's farm structure. Farm structure -- whether large-scale or small-scale farms dominate -- is influenced not only by changes within farming but also by key factors such as nonfarm economic activity, geography, and population growth. This report identifies which counties are dominated by small- or large-scale agriculture as well as a large group, termed unclassified, which could go either way.

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RURAL BUSINESS AND  
GOVERNMENT BRANCH

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View From the Branch

by Norm Reid

In an as yet unpublished analysis, Herman Bluestone projects nonmetro employment growth for the rest of the century based on the Bureau of Labor Statistics' national projections for industries. Herman's figures, which assume that industries will grow at the same rate in metro and nonmetro areas, contain some interesting information.

The good news is that the BLS numbers show nonmetro industries making a major improvement over their poor performance during the early 1980s, when employment growth in nonmetro areas was at only 10 percent of the metro rate. The bad news is that these industrial projections show nonmetro employment growing only 70 percent as fast as in metro areas between the mid-1980s and 2000.

While these figures illustrate only one among numerous possible scenarios for the future of the rural economy, they raise anew some fundamental questions about the role of rural areas in the emerging national economy. Do the disadvantages of rural location doom the rural economy to perpetual second class status? Will technological advances in communications lead to a new round of decentralization in businesses into rural locations? Is the predominance of low-wage, low-skill jobs in rural areas inevitable? Is substantial rural job growth possible without a further widening of the gap between rural and urban wage levels?

Branch Activities and News

Publius (The Journal of Federalism) devoted a special issue, Fall 1987, to rural governments. Many of the individual articles were written by current or former employees of the RBG Branch. In addition, many other articles were written by university researchers whose work has been supported by ARED over the past several years.

Among the key articles were: "Small Governments as Newcomers to American Federalism" by Alvin D. Sokolow; "Rural Development Policy: Rationale and Reality" by Richard W. Long; "Targeting Federal Assistance to Rural Local Governments" by William F. Fox and J. Norman Reid; "Federal Aid and Economic Development in Nonmetropolitan Communities: "The UDAG Program" by Beth Walter Honadle; "Rural Community Responses to Floodplain Land-Use Management" by Beverly A. Cigler, Bruce Stiftel, and Raymond J. Burby; "Rural Government Management and the New Federalism"; by Philip A. Russo, Jr., Herbert Waltzer, and W. Robert Gump; "The New Federalism and Substate Regionalism by Lewis G. Bender, William P. Browne, and Thaddeus C. Zolty; and, "The Farm Crisis and the Future of Rural Local Governments" by Thomas F. Stinson.

In their Publius article "Targeting Federal Assistance to Local Governments in Rural and Low-Income Areas, 1972-1983," mentioned above, Bill Fox and Norm Reid found that rural governments' receipts of Federal aid increased during the 1970s. But these increases seemed mainly due to increases in levels of loan funds, while urban areas benefited mainly from grants. These loans were among the first funds to be cut in the 1980s, however. Targeting of program funds on income





# Farm and Rural Economy Branch



**Tom Carlin**  
Branch Chief



**Fred Hines**  
Section Head,  
Ag and Community  
Linkages



**Robert Coltrane**  
Section Head,  
Ag Labor and  
Household Well-being



**Donn Reimund**  
Section Head,  
Farm Structure

# Human Resources Branch



**Calvin Beale**  
Acting Branch Chief



**Peggy Ross**  
Section Head  
Income and  
Well-being



**Calvin Beale**  
Acting Section Head  
Population Studies

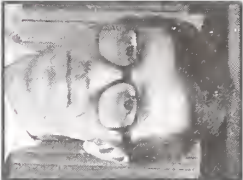


**David McGranahan**  
Section Head  
Rural Labor  
Markets

# National Economy and History Branch



**Tom Hady**  
Branch Chief



**Ralph Monaco**  
Section Head  
Macroeconomics



**Jerry Schluter**  
Section Head  
National Aggregate  
Analysis



**Doug Bowers**  
Section Head  
Ag and Rural History

# Farm Sector Financial Analysis Branch



**Jim Johnson**  
Branch Chief



**Roger Stickland**  
Section Head  
Farm Income  
Estimation



**Duane Hacklander**  
Section Head  
Farm Financial  
Analysis



**Greg Hanson**  
Section Head  
Econ Indicators  
Research Forecasts

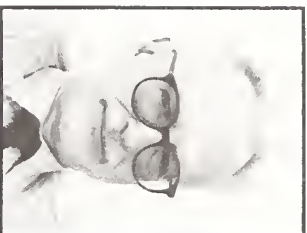


**Mary Ahearn**  
Section Head  
Farm Costs and  
Returns

Economic and Social Research for Rural America

# ARED Management Chart

## Office of the Director



**Ken Deavers**  
Director



**Dick Long**  
Associate Director



**David Harrington**  
Deputy Director/  
Agriculture

## Finance and Tax Branch



**Patrick Sullivan**  
Branch Chief

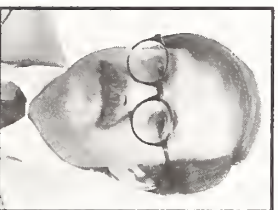


**Jerry Stam**  
Section Head,  
Ag Finance



**Ron Durst**  
Section Head,  
Rural Finance and Tax

## Rural Business and Government Branch



**Norm Reid**  
Branch Chief



**Herman Bluestone**  
Section Head



**David Sears**  
Section Head





measures deteriorated during the 1970s, and by 1983 counties with higher incomes and more favorable public service levels benefited more from Federal aid than more needy areas.

The following RBG staff members received certificates of merit for their work: **Andi Baker, Joseph Lockley, and Lisa Nanches**, "For outstanding achievement in providing clerical support for the production of Rural Economic Development in the 1980s;" **Celeste Long**, "for outstanding achievement in improving the effectiveness and efficiency of the Rural Business and Government Branch by developing the Branch database and assisting other Branch members in its use;" **Alex Majchrowicz**, "for outstanding contributions to the collection of land transfer, assessment, and employment data and outstanding performance in the organization, analysis and reporting of the data;" **Jim Miller**, "for outstanding research on the rural service economy;" **Rick Reeder** (with Ron Durst), "for the best article by an ERS author in Rural Development Perspectives, Volume III;" and **Norm Reid**, "for central contributions in the conception, design, preparation, review, and production of the Senate-mandated study, Rural Economic Development in the 1980s."

Several RBG staff members received the ERS Administrators Special Merit Award for their contributions:

**Sara Mazie and Herman Bluestone** for outstanding achievement in providing high quality editing and production for the journal Rural Development Perspectives.

**Herman Bluestone and Sara Mazie** for producing a report on displaced farmer programs for the AIB series on "Issues in Agricultural Policy."

Also receiving an award for work based on the research of the RBG Branch was David Carter, of the EMS Information Division, for outstanding video production in creating the program "Your Hometown."

#### Government and Development Policy Section

##### Research

Staff from the Section will soon begin work with three cooperating institutions on an examination of local self-development strategies. Self-development is a strategy in which a local government -- working alone or in partnership with private sector and/or other public sector participants -- actively promotes local enterprise creation and expansion. This self-development strategy stands in contrast to a more traditional local development strategy which involves attracting firms or branches from outside the community.

The purpose of the research is to identify recent instances of attempts to implement self-development strategies in rural America, and then to closely examine a subset of these cases. Questions to be addressed include the following: What roles were played by local government officials and others involved? What are the costs to communities of the implemented strategies? What are the benefits? What are the obstacles which inhibit the implementation of local self-development strategies? How do the above vary among various types of rural communities?

**Rick Reeder** is beginning work on a project to look at a variety of criteria that could be used when targeting Federal (or state) funds

to local governments for rural development programs. The criteria to be investigated will include both those that have been used in the past and reasonable alternatives that might be used in the future. The implications of selecting different targeting formulas will be examined.

Elliott Dubin has begun work on a study of the relationship between public education programs and rural development. Elliot will focus his attention on place-to-place differences in expenditure levels for primary and secondary education. He will then look at the relationship between education expenditures and rural development.

#### Publications

In a new ERS Staff Report, Rural and Urban Government Fiscal Trends, 1977-82, Rick Reeder examines local fiscal developments during a time when local governments were adjusting to declining Federal aid, much like they are today. There were major differences in the way rural and urban governments adjusted. While big cities cut real government spending per capita and revenue raising efforts, most rural governments increased real spending and revenue efforts. One result of this divergence between big cities and rural areas is that by 1982 the residents of totally rural, nonadjacent areas were facing higher fiscal burdens than residents of big cities. This report presents trends for revenue, expenditure, and debt for urban and rural governments categorized by degree of urbanization.

Norm Reid and Elliott Dubin coauthored an article for the National Governors Association

entitled, "Federal Funds to Rural Areas: Fair Share? Right Mix?". Nonmetro counties received less Federal funding per capita for all functions, including defense, than metro counties in 1985. Perhaps more important than the level of Federal funds received is the composition of the funds. Nonmetro counties, in general, rely much more heavily on income transfer programs than do metro counties. Conversely, metro counties receive more in the way of Federal funds for procurement and for research and development than on other forms of Federal spending. This article is based on a much larger study which will be published later this year. The larger study provides a program-by-program breakdown of Federal expenditures by different types of counties.

#### Papers Presented and Meetings Attended

David Sears attended a conference on retirement migration, sponsored by the North Carolina Center for Creative Retirement, May 9-10, in Asheville, NC. Among the key issues discussed were: what can a community do to attract retirees? and is this beneficial for the community? Both of these issues have clear and direct implications for rural development, particularly in the Sunbelt and other rural areas which are especially attractive to retirees. The conference was supported by ERS and included a presentation by Nina Glasgow (formerly GDP) on her cooperative research with ERS.

David Sears and Rick Reeder met with John Coleman and Census's Governments Division staff on March 22 to discuss alternative means of obtaining more up-to-date information on the fiscal condition

of rural governments. Comprehensive data from the 1987 Census of Governments will be available in December 1988. A more timely data source is Census's quarterly data on local property tax collections. This data from a sample of 568 counties is available with only a three month lag. Although more limited in scope and coverage than the Census of Governments, it could give ERS a capability to monitor current trends in rural areas.

### Briefings and Miscellaneous

In March, RGB, in association with Mississippi State University, sponsored a planning conference for a Rural Development Colloquium to be held in the Fall of 1988. The objective of the conference is to develop in ERS/ARED an assessment capability for rural development policies and programs. The planning conference was attended by 15 invited participants from several universities, State Extension and rural development agencies, as well as ERS and ARED staff. The Fall Colloquium will feature invited papers prepared by leading rural development researchers and practitioners.

### Rural Business and Industry Section

#### Research

James Miller has contributed a chapter, "Business Expansion and Retention in the Great Lakes States," in The Retention and Expansion of Existing Business: Theory and Practice in Business Visitation Programs, to be published by Iowa State U. Press in September.

James Miller and Herman Bluestone will have an article, "Prospects for the Service Sector in

Nonmetropolitan Areas," in the Winter 1988 issue (Vol. 18, No. 1) of The Review of Regional Studies.

### Papers Presented and Meetings Attended

James Miller, Alex Majchrowicz, Celeste Long and Martha Frederick presented papers at the 27th Annual Meeting of the Southern Regional Science Association in Morgantown, West Virginia on April 14th. Herman Bluestone chaired two rural development sessions and discussed two papers: One on the potential of the woods products industry in West Virginia and one on a model for estimating the impact of agriculture on a 15-county area in Alabama.

In his paper, "The Product Cycle and High Technology Industry in Nonmetropolitan America," Jim concluded that policymakers and local public officials should not be overly optimistic about the ability of nonmetro areas to attract the kind of high tech operations that will provide high paying jobs or improve economic linkages in rural communities. Alex demonstrated that data for rural States could be used to develop good indicators of employment change for all of nonmetro America over periods as short as three years, but not for shorter periods or for the nonmetro portions of Census regions. Celeste showed that a complete understanding of the rate and industrial structure of employment change in nonmetro areas requires that we analyze variation among nonmetro counties. She found that rapid growth in a few populous nonmetro counties distorted overall nonmetro employment growth rates over the past 15 years, making the economic situation in nonmetro America look brighter than it really was. She also found that while manufacturing was a leading source of decline in some nonmetro areas it



was also a leading source of growth in other counties. In "Directions in Rural Entrepreneurship: Insights Gained from a Review of the Literature," Martha concluded that because rural entrepreneurship research has barely begun to make the transition from descriptive case studies and surveys to more analytical and explanatory studies, policymakers may want to proceed slowly in implementing expensive programs to encourage small business development in rural areas.

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## HUMAN RESOURCES BRANCH

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### View from the Branch

by Max Jordan

The Human Resources Branch has recently updated our list of publications and papers completed or proposed for FY 1988 to reflect revisions in our FY 1988 Work Plan. Items entering the system since the plan was developed last July were noted, as were those terminated or set aside due to departure of personnel or reassignment since the FY 1988 Work Plan was drafted.

Twenty percent of the items in the updated list were not indicated in the original work plan, and only a few of the original items have been cancelled or postponed. Thus, our proposed output significantly exceeds the output expected when we first developed the plans. However, realistically, only one in ten proposed Rural Development Research Reports (RDRR's) will make it to publication this year because of the long clearance-to-print interval. We have been unable to shorten this interval in spite of all our efforts. (It averages 10-12 months.) Quick turnaround of reviews and

clearances in Division channels continues to help, but the gains are offset by delays in Superset output and edit impasses.

Most Branch authors prefer to utilize professional meeting papers and journal articles as their research outlets. (These outlets accounted for 84 percent of our total output items in FY 1987.) I like to think of meeting papers as interim/progress reports or methodology explorations on work that will be reported in more permanent form at a later time. Accessibility of our research results to policymakers and other users is a constant concern. While publication in RDP addresses the accessibility issue, it does not completely supplant the full report of the work.

### Income and Well-Being Section

#### Publications

"Percentile Distributions of Selected Social Indicators for 1980 Metropolitan Census Tracts" by Dianne Stiles (U. Maryland), Harold Goldsmith, David Jackson (NIMH), James Longest (U. Maryland), and Robert Hoppe was published by the National Institute of Mental Health as Mental Health Statistical Note No. 187 in March. Percentile distributions of census tracts by 91 social indicators (e.g. family structure, housing characteristics, race, and disability) are presented in two tables.

"The New Immigration: Implications for Poverty and Public Assistance Utilization" by Leif Jensen and Marta Tienda (U. Chicago) was published in the December issue of Migration World. This piece is a synopsis of Leif's doctoral dissertation in sociology.



"What's an Enclave? The Case for Conceptual Clarity" by Alejandro Portes (Johns Hopkins) and Leif Jensen was a comment published in the December issue of the American Sociological Review. The paper focuses on the role of ethnic economic enclaves in determining the income attainment of immigrants.

#### Papers Presented and Meetings Attended

The Human Resources Branch made a substantial contribution to the program of the meeting of the Southern Rural Sociological Association (SRSA), held in New Orleans in early February. SRSA's program included six papers written from the Branch's research program. **Peggy Ross**, an HR Section Head, assumed the role of SRSA president for the coming year. **Max Jordan**, Branch Chief, served as presider for a second plenary address delivered by Sam Donald (formerly ERS), Research Director and Extension Administrator, Alcorn State University. Dr. Donald spoke on "The Role of the 1890 Land Grant Institutions in Development: Past Reflections-Future Directions."

In addition, **John Lee** delivered one of the main plenary addresses on the topic, "Trade Liberalization, Regional Agricultural Adjustment, and the Southern Rural Economy." He argued that trade liberalization and ag policy reform could lead to significant adjustments in farming and resource use in the South. However, these adjustments will not have a significant impact on the general rural economy of the South, which is more susceptible to non-ag economic forces. The implication for rural sociologists is to incorporate the economic and social diversity of rural America into their research.

The following were all papers presented at the Southern Rural Sociological Association Annual Meetings, January 31-February 3, New Orleans, LA.

Donald Bellamy presented "Economic and Socio-Demographic Change in Persistent Low-Income Counties: An Update." He found that 206 (85.1 percent) of the 242 nonmetro counties ranked in the bottom income quintile in 1950, 1959, 1969, and 1979 remained in the bottom quintile in 1984. Persons in these persistently poor counties had lower educational attainment and higher unemployment rates than persons in counties that lost their low-income status.

Elizabeth Dagata presented "Determinants of Work Status Among Heads of Poor Families in the South." Using multivariate logistic regression analysis, she found that significant predictors of employment differed between metro and nonmetro areas of the South. Nonwhites were significantly less likely to work than whites in metro areas but not in nonmetro areas. Conversely, the greater the number of years of schooling completed the more likely family heads were to work in nonmetro but not in metro areas. Regardless of residence, increasing age (for workers under 65 years old) and receiving welfare decreased the likelihood of working.

Linda Ghelfi presented "The Job Training Partnership Act (JTPA): Implications for Welfare-to-Work Proposals." She found that the number of welfare recipients who participated in JTPA in 1984 was very small compared with the number of adult AFDC recipients that could be required to train and look for work under proposed welfare reform programs. Only half of welfare recipients that completed JTPA training found unsubsidized jobs.

This low placement rate implies that program administrators may find it difficult to place much larger numbers of AFDC recipients in private-sector jobs.

**Leif Jensen** (Rural Labor Markets) presented "Rural-Urban Differences in the Utilization and Ameliorative Effects of Welfare Programs." He found that the percent of poor families receiving welfare income and the average amount received were significantly lower in nonmetro than metro areas. As a result, welfare's ability to alleviate poverty was considerably lower in rural than urban places. This article is forthcoming in a special issue of the Policy Studies Review.

**Peggy Ross** and Alton Thompson (NC A&T State U.) presented "Race and Patterns of Income Inequality in Metro and Nonmetro Areas of the South." They found that white, black, and other race families in the nonmetro South had lower average incomes and higher poverty rates than their metro counterparts. Whites had somewhat more equally distributed income than either blacks or "others" in both metro and nonmetro areas.

**Leslie Whitener** (Rural Labor Markets) presented "The Hired Farm Work Force: Some Notes on a Conceptual Model." The paper examined structural diversity within the hired farm work force by developing and testing a conceptual model based on differences in employment experiences of hired farmworkers. The model identified three distinct groups of workers that differ in composition, socioeconomic well-being, job rewards, and employment experiences. The findings raise questions about past research, policy, and theory that do not recognize this structural diversity within the hired farm work force. The analysis

provides insights for improving the conceptual process surrounding hired farm labor research and data collection.

#### Population Studies Section

##### Papers Presented and Meetings Attended

**Calvin Beale** cowrote a paper on nonmetro population trends since 1980 with Irma Elo, a former ARED employee who is now a doctoral candidate at Princeton University. The paper was given at the annual meeting of the Population Association of America in April. Elo and Beale noted that the retention of people in nonmetro counties was much lower from 1983-86 than from 1980-83, (1.3 percent vs. 2.7 percent). In the more recent period, somewhat more than half of all nonmetro counties are estimated to have declined in population, an incidence of decline similar to that of the 1960's. The more widespread losses from 1983-86 were especially evident in ag and mining counties, reflecting the failure of such areas to participate in the national economic recovery trend of that period.

Given the quality of life goals that seemed to motivate many people moving into nonmetro areas in the 1970's, the authors also looked at residential preference polls to determine whether the lower nonmetro population growth of the 1980's is associated with any change in such preference. They found that a series of Gallup Polls does indicate a rise in preference for large cities in the 1980's. However, on balance, there is still a net of some millions of people living in urban areas who say they would prefer to live in a rural area or small town.

Calvin Beale also spoke on current rural trends at a Symposium on Rural Economic Development held at Culver-Stockton College in northeastern Missouri in April. The four-county farm area sponsoring the conference has a little less than half of the population level it had at the beginning of the century and is continuing to lose people.

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### NATIONAL ECONOMY AND HISTORY BRANCH

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#### View from the Branch

by Tom Hady

This time, the view is from a laurel branch. At the annual Administrator's Special Merit Award ceremonies on April 12, eight NEH staff members received a total of 12 awards. I think that gives me some reason to be proud of the people who make up this branch. John Kitchen and Mark Denbaly were honored for the best article in the Journal of Agricultural Economics Research during the last year, "Arbitrage Conditions, Interest Rates, and Commodity Prices" in the Spring, 1987, issue. Jerry Schluter was honored for outstanding research: a recognition both of his path-breaking applications of input/output analysis to agriculture and of his leadership in taking his section into computable general equilibrium and other new fields.

Ralph Monaco was a member of the group recognized for their outstanding work on the Agricultural Finance Situation and Outlook, and Ralph, John Kitchen and Chin Lee all shared in a group award for the AIB series, "Issues in Agricultural Policy." Five NEH people were members of the group honored for the

Senate-Mandated Study of Rural Conditions: Doug Bowers, Tom Hady, John Kitchen, Jim Malley, and Jerry Schluter. People like that make the job of a branch chief easy, and herewith my thanks and a crown of laurel.

#### National Aggregate Analysis Section

##### Publications

John B. Penson, Jr. and Ron Babula published an article in the winter issue of the Journal of Agricultural Economic Research. They found that accelerated Japanese monetary expansion failed to appreciably influence imports of U.S. crops despite notable increases in the nominal yen/dollar exchange rate. In their analysis, the authors used COMGEM, a U.S. macroeconomic model that incorporates non-U.S. macro linkages and an Armington model of foreign demands for U.S. crops. Expansionary monetary policies also led to higher Japanese inflation and raised real national income, offsetting the negative import effects of higher nominal exchange rates. COMGEM simulated three 1986-90 Japanese monetary expansion rates, given unchanged U.S. macroeconomic patterns, to determine the influences of Japanese monetary shocks on imports of U.S. crops.

Chinkook Lee, Darryl Wills, and Gerald Schluter's "An Empirical Analysis of the Leontief Paradox in U.S. Agricultural Trade" appeared in Agribusiness. This paper addresses the capital and land intensity of U.S. ag exports and the labor intensity of ag imports. Although theoretically expected, verification of this finding tends to be elusive. This elusiveness provides the basis for the Leontief Paradox. In a study of 1954 trade patterns Leontief found, counter to



expectations, that the U.S. exported labor intensive goods and imported capital intensive goods. This counter-intuitive finding, labeled Leontief's Paradox has been much studied but never completely refuted (or unambiguously verified). The authors found no evidence of the Leontief Paradox in U.S. ag trade flows.

#### Papers Presented and Meetings Attended

**Maureen Kilkenny and Sherman Robinson** attended the eighth annual NBER Applied General Equilibrium Workshop March 11-13, in Stanford, California. The workshop was organized by John Shoven (Stanford), and attended by Herb Scarf (Yale), John Whalley (Western Ontario), Peter Dixon (U. of Melbourne), Charles Ballard (Michigan State), among many other top researchers in general equilibrium modeling.

**Sherman Robinson** served as a discussant of a paper on the EEC, and **Maureen Kilkenny** presented the work of the section's Intersectoral Policy and Performance Project at ERS. Maureen first described the work of collecting and reconciling economywide data and the social accounting matrix (SAM) for the U.S. She then overviewed the computable general equilibrium (CGE) modeling work on the economywide implications of ag liberalization. Maureen highlighted their improved specification of policy instruments, and the technical and analytical implications.

On April 8, **Maureen Kilkenny** and **Sherman Robinson** discussed their ongoing economywide modeling of ag and trade liberalization with the "Interagency Economywide Modeling Working Group," a group of analysts

from ERS, AID, BEA-Commerce, BLS-Labor, ITC, FTC, Interior, and CEA interested in economywide modeling issues.

On April 21, **Maureen Kilkenny** presented a seminar, "Agriculture and the GATT: Measuring Intervention and Modeling Policy Instruments" at the Food and Ag Policy Workshop, Department of Ag and Applied Economics, University of Minnesota and on April 27, she presented a paper, "Balanced Matrices in CGE Modeling: An Application to U.S. Agriculture" at the Institute of Management Science/Operations Research (TIMS/ORSA) annual meeting in the Washington (DC) Hilton.

In late April, **Maureen Kilkenny** discussed NAA's economywide CGE modeling work with interested analysts in the Department of Interior.

**Ron Babula** participated in the symposium "Farm Policy for a Freer Trade World," May 4-6 in Quebec, Canada. He moderated the floor discussion on a session that included four presentations. Topics discussed were on decoupling and U.S. farm policy reform; an overview of free trade and ag policy in the EEC; a summary of Canada's position on international negotiations; and a discussion of trade liberalization and Quebec agriculture.

On January 13, **Sherman Robinson** presented a seminar at the Brookings Institution on the general equilibrium modeling work being developed in ERS. The seminar generated a spirited discussion of appropriate closure conditions and aggregate trade elasticities for a general equilibrium analysis of trade policy issues.



In January, **Sherman Robinson** concluded the Advanced Modeling class. During the course, class size ranged up to as many as ninety people. Attendees were from ERS, BLS, AID, ITC, FTC, Bureau of Mines and VPI. Guest lecturers included Clopper Almon (U of MD), **Ralph Monaco**, David Vincent (Center for International Economics, Canberra, Australia), Bruce Gardner, (U of MD), and Paul Prentice (Farm Sector Economics Associates).

**Jerry Schluter** presented "Rural Communities' Stake in Agricultural Trade" at the 27th Annual Southern Regional Science Association meetings in Morgantown, West Virginia, April 14-16 and discussed a second paper.

**Maureen Kilkenny** and **Sherman Robinson** attended the International Trade Research Consortium (IATRC) meetings and presented their approach to modeling the impact of ag liberalization on the U.S. economy. They participated in discussions about how to coordinate and standardize modeling efforts. The research will be presented on August 19-20, in Annapolis at the IATRC annual meetings.

**Sherman Robinson**, **Maureen Kilkenny**, and **Jerry Schluter** met with Daniel Sumner, Senior Staff Economist for Ag and Labor in the CEA on in late February. Sumner is interested in our economywide modeling work. He would like to develop an economywide (likely CGE) modeling capability in CEA. Sumner would also like to be able to channel to NAA questions on economywide effects of trade related policy changes that may be considered under the continuing GATT negotiations.

## Briefings and Miscellaneous

George Holmes conducted a radio interview with **Bill Edmondson** of the National Aggregate Analysis Section, NEH ARED on Monday, March 21, 1988. The interviewer asked questions relating to the size and importance of the food and fiber system in relation to the total U.S. domestic economy. The interview was taped for the USDA radio network and sent to subscriber stations in rural and farm oriented areas.

The Selection Panel for Contributed Papers for the Twentieth International Conference of Ag Economists informed **Maureen Kilkenny**, **Sherman Robinson**, and **Ken Hanson** that their paper, "Modeling the Removal of Production Incentive Distortions in the U.S. Agricultural Sector Using a CGE Model" was being upgraded to an "Invited Paper." The Conference is being held in Buenos Aires, Argentina, August 24-31, 1988. The paper reports the effects on the U.S. economy of reducing ag subsidies to zero.

**John Martin**, Head of Growth Studies Division, OECD visited with NAA and presented an agencywide seminar on the OECD effort to use economywide models to study the effects of trade and ag policy liberalization. The OECD effort uses similarly defined CGE models for seven OECD countries.

## Awards

**Tonia Carter** received a "spot" cash award for her efforts facilitating foreign travel arrangements on shorter than normal notice. This required an unusual amount of approval forms to locate, complete, and send to appropriate officials.

## Macroeconomics Section

### Publications

James Malley and John Foster of the University of Glasgow, Scotland will have their paper "The Domestic and Foreign-Owned Sectors of Scottish Manufacturing: A Macroeconomic Approach to Their Relative Performance and Prospects" published in the Scottish Journal of Political Economy.

Mark Denbaly's study, "U.S. Money Supply and Exchange Rates: Long-run Effects on the World Feedgrain Market," was published in the North Central Journal of Agricultural Economics. In it, he examines the effects of changing U.S. monetary policy on the price and volume of grain exports through the single channel of nominal exchange rates.

James Malley and Thomas Hady of ARED have recently published an ERS Staff Report entitled "A Simple Forecasting Model Linking Macroeconomic Policy to Industrial Employment Demand."

### Papers Presented and Meetings Attended

Ralph Monaco attended the first annual Federal Forecasters Conference, held April 25 in Washington, DC. Problems discussed included data problems, forecast methods, and forecast evaluation.

### Briefings and Miscellaneous

Ralph Monaco spoke on the General Economic Outlook at the Northeastern Dairy Conference, held March 28-29 in Burlington, Vermont. He found the outlook for the next 18 months is quite good, with the economy

growing slightly faster than in the last 2 years and inflation remaining around its rate of the last 2 years. Interest rates could rise slightly over the next 2 years, however.

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## THE DATA SCENE

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### New Rural Development Data



Martha Frederick and Herman Bluestone (RBG) have recently released the Rural Development Databook Diskettes (RDDD). The diskettes present data in the form of Lotus (2.0) worksheet files on IBM compatible 5 1/4 inch DSDD diskettes. The RDDD brings together a collection of employment and unemployment statistics that are useful for monitoring economic conditions and change in nonmetro and metro areas of the U.S.



Tim Parker (HR) also made valuable data contributions to the project. The data -- presented by Census regions, States, and selected groups of nonmetro and metro counties - - are compiled

from county estimates developed by the Commerce Department's Bureau of Economic Analysis (BEA) and the Labor Department's Bureau of Labor Statistics (BLS). Specifically, diskettes contain BEA Wage and Salary Employment data for the 1969-84 period and BLS State and Area Labor Force Data for the 1976-87 period. BEA income data will be included in future editions.

In addition to the RDDD, ERS will release a Rural Development Databook this fall as an ERS Staff Report, authored by Martha and Herman. It contains data for business cycle peaks and troughs, a brief analysis of recent labor force and employment trends, and information to help data users better understand how the BEA and BLS statistics are estimated and what they measure.

While both BLS and BEA collect or estimate employment statistics, the concepts that underlie their numbers, the source of their data, the industries covered, and their estimating procedures differ. The report explains these differences and defines the industry and county groups used in presenting the data. The data for the county groups provide employment numbers that are sufficiently detailed for economic analysis, yet do not disclose information about the operation of individual businesses. The Rural Development Databook also describes some of the major nonmetro and metro labor force and employment changes over the last 15 or 20 years.

For copies of the RDDD and information on other ERS databases, write James Horsfield, ERS/DATA, Room 1226, 1301 New York Avenue, NW, Washington, DC 20005-4788 or call (202) 786-3306. Specify Rural Development Databook, and include a check or money order payable to "ERS/DATA" for \$30.

## ECBP Users Guide

Celeste Long (RBG) has prepared documentation for ARED Enhanced County Business Patterns Tapes and has prepared a Users Guide for these extremely complex data files.

## Local Area Network System In Place

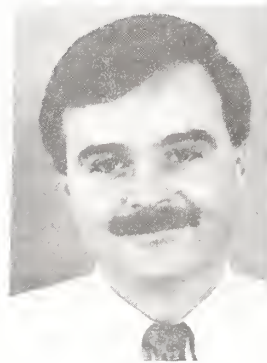
Since February, the Farm Income Estimation Section (FSFA) has successfully accomplished the installation, testing, and conversion to a new IBM Token Ring Local Area Network System (LANS). A LANS connects workstations and allows users to share data and equipment. Components include workstations, file server, networking software, and a Multistation Access Unit.

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## ARED PEOPLE

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### Office of the Director



**John Hession** is the Assistant to the Director for Data Coordination. While the title sounds pretty broad, so are the actual day to day duties. On a big scale, John is

responsible for the budgeting and procurement for data services, hardware, and software. He was also very actively involved in organizing ARED's most recent shuffling of desks and equipment between floors, making sure computers were in the proper places, as well as the various wiring that accompanies them.



John helped coordinate the computer software training courses many of us participated in a short time ago and has been instrumental as we free ourselves from the last vestiges of the DEC system. Currently, a major project he is working on is ARED's new Data Management System. But, on most days, you are also more than likely to find John helping ARED staff work through a data, software, hardware, or programming problem. Have question, will travel.

John, originally from Queens, NY, came to ARED in September of 1980, fresh from receiving a BA in Sociology from SUNY Stoneybrook and an MA in Economics from Cornell. Before his present position, he worked primarily on quality of housing topics, including a broader definition of "substandard" housing. John's outside interests include biking, gardening, and reading.

Farm Sector Financial Analysis Branch



**Mike Salassi** works in the Farm Costs and Returns Section. Since joining ERS in 1985, he has been primarily working on farm modeling and simulation. Using data from the Farm Costs

and Returns Survey, Mike analyzes differences in the structure and organization of farms in various regions of the country, looking at such factors as farm size, land use and tenure, and financial structure and performance.

Mike has contributed to several agency staff requests by developing

data sets containing operating and financial characteristics of particular types of farms in various regions of the country. He then evaluates the effects of proposed policies on the financial condition of these farms through the use of REPFARM, a whole-farm simulation-model. He has conducted analyses for such government agencies as the General Accounting Office and the Environmental Protection Agency. Mike is also currently working with economists in CED on a study mandated in the 1985 farm bill to evaluate the effects on farm income of the use of commodity options and futures by farmers.

Mike is a native of Zachary, Louisiana (not unlike a certain prominent Washington Redskin quarterback) and has a BS in agribusiness, an MS in ag economics from LSU, and a Ph.D. in ag economics from Mississippi State.

Finance & Tax Branch



**Greg Gajewski**, Ag Finance Section, is the financial economist who heads up the branch's Ag Lending Institutions Project. He also serves on the Editorial Board of Rural

Development Perspectives. Greg's strongest research interests center on the economics of U.S. private and public financial institutions. More specifically, he is interested in how the interaction of credit suppliers and government regulators affect the allocation of credit between farmers and other rural enterprises relative to urban credit demands. Greg likes researching the



determinants of banking system instability, and the role of credit creation in sectoral/regional cycles. He also enjoys forecasting bank failures.

Greg has a BA and M.Phil. from George Washington, and recently completed his Ph.D. there. Before joining ERS in 1985, Greg taught economics at GW, George Mason, and Georgetown Universities. He also worked as an associate economist with the Minimum Wage Study Commission in 1980-81, estimating the inflationary effects of increasing the minimum wage.

His outside pursuits include military history (especially the Civil War and Napoleonic periods), U.S. economic history, and detailing military miniatures. Greg's wife is a programmer at the Census Bureau; they have a three-year-old daughter.

#### Farm & Rural Economy Branch



Wendell Holmes has been with ERS since its inception, starting with ARS as a student trainee at the University of California. He has spent his nearly 34 years of Government service in

assignments at Montana State University, Oregon State University, the University of Missouri, the University of Nebraska. In 1985, Wendell moved to the Washington area for his third tour of duty in DC.

His recent field assignments have been with research councils. While in Oregon, Wendell held positions on the Western Ag Economics Research Council and the Western Ag Economics

Association. In Nebraska, he served for 11 years on the Great Plains Ag Council.

Wendell is married, has one son and lives in Fairfax, VA. His time away from ERS is devoted to church activities, reading and traveling.

#### Rural Business & Government Branch



Elliott Dubin joined the Government and Development Policy Section (formerly State and Local Government) as an economist in May of 1986. Prior to joining ERS, he worked for an economic

consulting firm and later for Tax Foundation, Inc., first in New York and later in Washington. He has also taught part-time at Queens College of CUNY, Marymount University of Northern Virginia and at American University.

Elliott is a native of New York City; he received his undergraduate and doctoral degrees from the City University of New York. Currently, he lives in Springfield, VA, with his wife Lynne, a teacher at James Madison High School in Vienna, and their sons. For the past few years, Elliott has been soccer coach for the Springfield Youth Club and active in the local Cub Scout Pack. Other spare time is usually spent putting around in his garden and attending the theatre.

## Human Resources Branch



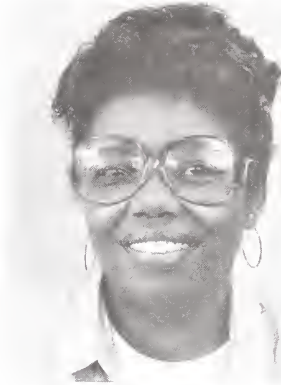
**Linda Ghelfi** is an economist in the Income and Well-being Section. She has worked for USDA for nearly 13 years, starting in September, 1975, as a Personnel Management Specialist in

EMS. In November, 1976, she transferred to the Income Studies Section where she has worked on various projects including economic growth in Kentucky, off-farm employment of farmers, and welfare program participation of nonmetro residents. Under the new ERS field staff policy, Linda spent 1984-86 in the Ag Economics Department at the University of Wisconsin-Madison. While at Wisconsin she completed a report on the poverty status of blacks in the nonmetro South and cooperated with Bill Saupe (UW-M) in studying poverty among farm operator families.

Linda returned to D.C. with data from the Wisconsin Basic Needs Survey with which she analyzed differences in income, expenditures, and needs between metro and nonmetro residents of Wisconsin. She recently used data on welfare recipients trained through the Job Training Partnership Act to estimate the likelihood that proposed welfare-to-work programs will be able to place much larger numbers of welfare recipients in private-sector jobs.

Linda and her husband, John Sullivan (ATAD), live on Capitol Hill with two kittens they rescued from the alley.

## National Economy & History Branch



**Vivian Whitehead**, Historical Assistant in the Ag and Rural History Section, began her Federal career in 1956 in the U.S. Patent Office as a clerk typist. She passed the

Civil Service exam in 1958 as a stenographer and transferred to the USDA/AMS. On her birthday, Friday, February 13, 1960, Whitehead accepted the position of Secretary to the then Ag History Branch. Vivian worked on many major projects, including the Yearbook of Agriculture, but her most prized was the 560-page, Century of Service of Service: The First 100 Years of the U.S. Department of Agriculture in 1963. She shared in a "Group Merit" award with the four authors.

In ERS, Vivian developed a thirst for research, and she progressed from secretary to "Historical Assistant," a title unique in USDA. Today, in addition to research, she maintains the Bibliographic Index to literature for ag history, roughly 500,000 references. Vivian has also published bibliographies, as well as articles on the origins of holiday foods, immigrant food contributions, power on the American farm.

Vivian's hobbies include drawing, writing poetry, collecting American history books, and playing electric guitar. She also enjoys greeting people in their own native language, which she learns by writing the sounds and practicing. Some languages Vivian might greet you with include Spanish, French, German, Thai, Korean, Ethiopian, and Japanese, among others!!

Vivian B. Whitehead

Vivian B. Whitehead, Historical Assistant in the Agricultural and Rural History Section, ARED, began her Federal career on October 1, 1956 in the U.S. Patent Office as a clerk typist. She passed the Civil Service exam in 1958 as a stenographer and transferred to the USDA/AMS in a typing pool. On her birthday, Friday, February 13, 1960, Whitehead accepted the position of Secretary of the then Agricultural History Branch. Her shorthand and typing skills were exceptional in assisting the Historians with research papers, letters, bibliographies, books, the Office of the Secretary and many agencies on Capital Hill. At times she operated the slide projector at seminars given by the AID/State Department on agriculture along with the Branch Chief.

Whitehead was instrumental in helping with the Yearbook of Agriculture staff, editor of Agricultural Economics Research, the USDA Graduate School and the Executive Secretary-Treasurer of the Agricultural History Society. However, her most prized typing job was the 560-page, Century of Service ~~of Service~~: The First 100 Years of the U.S. Department of Agriculture in 1963. She shared in a "Group Merit" award with the four authors. Whitehead's name is in the following book for her typing: Readings in the History of American Agriculture, by Wayne D. Rasmussen, 1960. Two of her abstracts were published in the 1974 and 1978 issues of America, History and Life.

As Whitehead's thirst increased for research, she began the transition period and "Researcher" was added to her Secretary title which, in 1976 she was fortunate to become a "Historical Assistant." Today, she holds that position and title solely alone in the entire USDA, which she says is most exuberating! Although her job consists of research in NAL, Library of Congress, and National Archives, she also maintains the Bibliographic Index to literature in the field of agricultural history which are roughly 500,000 references, and replies to telephone and written inquiries for historical information. She continues to assist the Executive Secretary-Treasurer of the Agricultural History Society.





Whitehead is the author of historical articles on the origins of holiday foods, immigrant food contributions, power on the American farm as well as short references on agriculture. Her article on "White House Farmers" first appeared in the November 1975 issue of the Farm Index; reprinted in the February 16, 1977 issue of the USDA Employee Newsletter and reprinted in The Blade newspaper of Toledo, Ohio on March 13, 1977. Her published bibliographies include: Agricultural History: An Index, 1927-1977; A List of References for the History of Agricultural Technology, 1979; and her latest Women in American Farming: A List of References, June 1987, published by the Agricultural History Center, Davis, CA. 95616 and is available for \$12.

Whitehead's name is listed in the following publication for her research contribution: America's Icemen: An Illustrative History of the United States Natural Ice Industry, 1665-1925, by Joseph C. Jones, 1984. Her "Writings of Frederick Vail Waugh," were published as a bibliography in Selected Writings on Agricultural Policy and Economic Analysis, by James P. Houck and Martin E. Abel, 1984. Her name also appears in a reprint from the American Journal of Agricultural Economics, Vol. 69, No. (December, 1987) for assisting in an article by Wayne D. Rasmussen, "Public Experimentation and Innovation: An Effective Past But Uncertain Future."

Whitehead's hobbies include drawing, writing poetry and letters, collecting American history books, practicing on her electric guitar. She enjoys meeting and greeting people in their own native language of which she learned by writing the sound and practicing.

Although Whitehead received a 30-year length of service pin in November 1987 for her 31 years of Federal service, October 1, 1988 will be another milestone--32 years!



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## PERSONNEL

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### Farm Sector Financial Analysis Branch



Mary Ahearn is the new leader, Farm Costs and Returns Section. When she first joined ERS in 1978 as part of the former Economic Development Division in Washington, Mary worked in the

area of rural development with a special emphasis on the health status of rural residents and the availability and adequacy of rural health personnel and facilities.

From 1980 to 1983, Mary was stationed in Corvallis, Oregon, as a member of ERS's field staff located at the Western Rural Development Center at Oregon State University. While there she continued work in the area of rural health care, with an emphasis on the Western region. She also conducted research on techniques for valuing nonmarket goods and services, including publicly-provided services.

Shortly after relocating to Washington, DC, Mary began working on issues relating to the farm sector such as farm structure, income distribution, off-farm income and farm operator household well-being, and farm finance. In addition to research, her responsibilities included contributions to the estimation and development of the farm income accounts and the Farm Costs and Returns Survey and data base.

Mary received a B.S. in Food and Resource Economics from the

University of Florida, an M.S. in Ag Economics from the Penn State University, and a Ph.D. in Ag and Resource Economics from the Oregon State University. Mary has received two ERS Administrator's Special Merit Awards for her work in EEO.



Bob McElroy was recently appointed Senior Income Analyst. In this newly created position, he will be coordinating a quarterly income and finance situation and outlook report.

Bob is coming to this position with 14 years of experience. He worked as financial analyst to the National Colombian Coffee Growers Federation while stationed in Columbia with the Peace Corps. His academic research focused on regional income accounting.

In 1974, Bob started with ERS working at the ARS regional research center in Athens, Georgia. He transferred to Washington in 1977 as part of the Technology and Innovation program area. For the past five years he has been the D.C. coordinator for ERS's cost of production project, replacing Ron Krenz in 1986.

Bob received a Bachelor of Science Business Administration in economics and a Masters in agricultural economics from the University of Florida. He has done further study at the University of Georgia and the George Washington University. Bob has received three USDA Certificates of Merit Awards for work in Costs of Production.

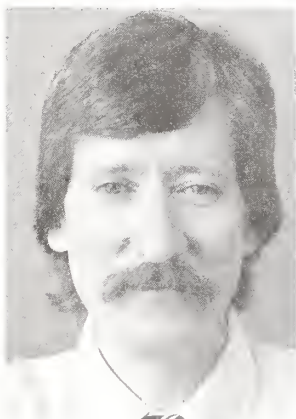
### Finance and Tax Branch

Joan Redd assumed the secretarial position in the Rural Finance and Tax Section on April 11, leaving her clerk/typist position within the branch office.

Angela Brinson joined the Ag Finance Section as the section's secretary in January.

Ellen Burkhart resigned as an agricultural economist from the Ag Finance Section effective on May 6.

### Rural Business and Government Branch



David W. Sears has joined ARED as Head of the Government and Development Policy Section. Sears comes from the Department of Housing and Urban Development (HUD), where he spent several

years as a policy analyst. Earlier in his Federal government career, he worked as a social science researcher and program planner in several Department of Health and Human Services (HHS) agencies. Sears also taught planning for several years at the University of Massachusetts (Amherst). He holds an A.B. (in government), Masters in Public Administration and Ph.D. (in city and regional planning) -- all from Cornell.

David hopes to move the Section forward into research on a variety of interesting and policy-relevant fronts, such as the recent commencement of work on self-development strategies. He expects to be able to recruit some new researchers over the next few months

to bolster the Section's ability to carry out its mission.

Nancy West joined the GDP Section as the secretary. Nancy was previously with the Internal Revenue Service, where she was a clerk typist. She has moved rapidly to become a software expert, having perfected her WordPerfect skills through ARED's recent training sessions -- and having worked with Glen Immer (of DSC) on the development and implementation of a tailored Section mailing and phone list.

In his second summer with RBG, Aaron Salamon has compiled a bibliography of literature linking education with rural development. He is also working on research to improve the targeting of funds to needy areas. This fall he will begin his senior year at Cornell, where he is studying Government and International Relations. Aaron feels that his summers have been well spent, learning about rural development as well as the contributions of "high quality" background music to productivity.

Laura Scheele is an intern this summer with RDP. She will be a senior at Vassar College, majoring in Political Science. Laura, in her own words, hails "from the great State of Indiana, home of fast cars, bouncing basketballs and John Cougar Mellenkamp."

Lisa Wright became Secretary of the RBI Section in January. At that time, Tonya Sullivan who had been Acting Secretary became a statistical assistant.

Shirley Porterfield, who has just completed her Ph.D in ag economics under Glen Pulver at the University of Wisconsin, joined the RBI Section as an economist in mid-May.



### Human Resources Branch

ARED lost one of its most valued employees with the retirement of **Vera Banks** on March 3rd. Mrs. Banks was Project Leader for Farm Population, and had been with ERS and its predecessor agency since 1956. Her extensive knowledge of American demographic data and her helpfulness and sense of responsible professionalism will be missed. Her most recent research on alternative ways of identifying farm-related people will be published later this year.

### National Economy and History Branch

The Macroeconomics Section welcomes **Michelle Huber** to ERS. Michelle graduated from UCLA in 1986 with a bachelor's degree in Economics/Business. She spent a year studying economics and Spanish at the University of Madrid, Spain, and taught English at a private language academy there. Michelle is currently working in the Macroeconomic Situation and Outlook project in the Macro section.

### Contact the Editor

For address changes/additions, questions or comments, or for submitting items to appear in the ARED Newsletter, please contact **Wyn Francis**, (202) 786-1524, Room 328k, ARED/ERS/USDA, 1301 New York Ave., Washington, D.C. 20005-4788.

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### **EDITOR'S NOTES**

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#### Appreciation

Very special thanks go to **Carolyn Riley** for the staff pictures, cover design, and Newsletter and Management Chart layout. Major thanks also to **Jim Morrison** for his masterful design of the Management Chart. Special thanks also go to **Tina Tobias** for her speed, accuracy, and diligence in typing the Newsletter.

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