

in the MARGINS

DEPARTMENT OF AGRICULTURAL AND APPLIED ECONOMICS

Faculty Profile: Chris Bastian

By Chris T. Bastian, Assistant Professor

My research activities focus on natural resource-based business economics issues using knowledge and tools from both the agribusiness and resource and environmental economics fields.

I am currently working on or finishing grants regarding drought, conserving open space and trade friendly agricultural policies. I, with a team of researchers from both Wyoming and Colorado, have just completed a research grant investigating drought management strategies for periods of extended drought coupled with cattle price cycle dynamics. Our research indicates that partial liquidation is the best strategy overall. Purchasing feed is a more risky strategy and is only feasible when the drought occurs during a trough to trough price cycle.



I am working with a team of researchers from Wyoming and Colorado on a grant from the USDA investigating the market for conservation easements, in which we are studying both the supply and the demand side of the market for conservation easements. Our results indicate that the majority of agricultural landowners (nearly 70 percent) prefer not to enter into conservation easements. Potential issues that impact this choice relate to length of the easement (usually in perpetuity), amount of compensation, and importance of open space and agricultural lands to nearby communities.

The USDA Economic Research Service contracted with us (Christopher Bastian, Dale Menkhous, Amy Nagler, and Nicole Ballenger) to use experimental economics techniques to investigate the potential market impacts of alternative agricultural policies that

Chris Bastian provides instructions to participants in market experiment for policy project.



provide income to producers but are designed to be “decoupled” from production. Our market experiment results indicate that one such alternative called a “buyout bond” is decoupled (i.e., does not distort production) and is more efficient at transferring income to producers than a traditional target price and deficiency payment. ■

Market Outlook

By Bridger Feuz, Livestock Marketing Specialist

Three major factors affect the market dynamics of the beef industry – the supply of beef, the demand for beef, and the status of beef trade.

Looking at each of these factors provides a better understanding of long-term market trends. One additional factor that also must be addressed is input costs.

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Department Head Letter

Roger Coupal, Interim Head
Department of Agricultural and
Applied Economics



Welcome once again to the Agricultural and Applied Economics Department. Since our last mailing we've had quite a few significant changes in the Department, particularly in personnel. There have been several transitions. First off, we hired new production economist Dr. Matt Anderson to teach undergraduates and graduates. Matt moved here from Estes Park, Colorado where he was completing a post doctoral fellowship on a project jointly run by the University of Minnesota and University of California at Davis. Matt received his Ph.D. two years before from UC-Davis working on agricultural productivity questions. We are lucky to have Matt.

We also just recently hired a resource and production economist, John Ritten, at the Sustainable Agriculture Research and Extension Center (SAREC) for research and extension related to agricultural systems analysis. John starts this autumn.

We have also hired new office associate Janet Marsh to take over the duties in the department.

We are also losing Jim Jacobs. He is officially retiring at the end of the spring semester but will stay on until the end of summer to mentor three graduate students to completion. We wish him well and hope to see him around when he can make it.

Finally we also lost Desiree Olson. She worked as a research scientist with us running data analysis and survey work for Tex Taylor and myself for several years. She is off trying to build her own career now in other ventures. We also wish her well.

Our undergraduate program is growing slowly and is quite strong. We are proud of our undergraduates in their ability to secure employment. Almost all of our students find good jobs when they get out, from traditional agriculture to banks, to the energy industry, construction, etc. Our Masters program is also increasing in student numbers. We are getting more students from all over the country now. We feel this is a good thing. Our current group of Masters students are working on topics ranging from disease issues, livestock production, farmer markets, wind energy, mine land reclamation, and more.

On the research end some of the more notable activities include the Kaiser Ethics Symposium co-organized by Mariah Ehmke that brought in Per Pinstrup-Andersen from Cornell University. The objective in part is to raise the importance of ethics in our economics courses. He is an internationally recognized scholar in food policy and ethics. Our Experimental Economics Laboratory, which is used by Chris Bastian, Mariah Ehmke and Dale Menkhaus, is in heavy use by all three scholars. Mariah is running experiments with two nutritionists from our Family and Consumer Sciences Department, Enette Larson-Meyer and Kari Morgan, to evaluate food choices among low income families with obesity issues. Chris Bastian and Dale Menkhaus received a grant to evaluate proposed policies being developed by USDA related to commodity programs. They will run experiments on campus using students and staff, but then use producers to compare results when the experimental design is sufficiently developed. Finally, we are gearing up for major sets of analyses related to livestock wildlife disease issues, from brucellosis to foot and mouth disease and others.

Our extension programming has also been quite busy including our Small Acreage program and its continued success with the magazine *Backyards and Barnyards* and their summer series of workshops around the state (see barnyardsandbackyards.com); John Hewlett's work in risk management education and the rollout of numerous courses available either through workshops in the state or online at rightrisk.com; Cole Ehmke's winter series of workshops on estate planning; and our public land policy and energy impact analysis work by Dr. Tex Taylor and Tom Foulke. This department is poised to contribute to issues where public land management and climate change mix with agricultural management and community development. Faculty are working on projects and programs ranging from drought management to the impacts of energy development, to federal land policy issues.

We are excited about this work and would welcome any enquiries, comments or questions. Please do not hesitate to stop by when you are in town. ■

Recent Presentations

Ehmke, Mariah, T. Warziniack, C. Schroeter & K. Morgan. *Applying Experimental Economics to Obesity in the Family Household*. Invited paper for the Southern Agricultural Economics Association Meetings, Dallas, 2008, Travis Warziniack presenting.

Foulke, Thomas, David T. Taylor & Roger Coupal. *Small Feet, Big Tracks: The Potential Economic Effects of Critical Habitat Designation on the Economy of Southeastern Wyoming*. Presented to the Western Regional Science Association, 47th annual meeting, Kailua-Kona, Hawaii. February 2008.

If you would like to donate to the Department or support the College of Agriculture's mission, contact Anne Leonard at (307) 766-3372.

Gordon Kearl, 1927-2007

W. Gordon Kearl, professor emeritus of agricultural economics at the University of Wyoming, died on October 18, 2007 at the age of 80. He was born in 1927 and grew up on a ranch near Laketown, Utah. He was fond of sharing his ranching experiences with both students and colleagues.

Dr. Kearl received his BS and MS degrees in agricultural economics from Utah State University in 1949 and 1951, respectively. He earned a PhD from the University of California, Berkeley in 1968.

While working on his doctoral dissertation, Professor Kearl was employed by the USDA, ERS with appointments at the University of California, Davis and the University of Wyoming. He was appointed assistant professor at the University of Wyoming in 1962 and was responsible for teaching and research in ranch management and range economics. In 1972, he assumed an additional responsibility in Cooperative Extension related to his areas of expertise.



Professor Kearl served on numerous research committees regarding the economics of range and ranch management during his academic career. Included among these were committees associated with the Great Plains Council, the Public Lands Council, and the Old West Regional Commission. He served as technical advisor to both the National Cattlemen's Association and the National Grasslands Association. He also served on a Council for Agricultural Science and Technology Task Force on animal welfare, and as a panel member of the National Research Council of the National Academy of Sciences regarding re-vegetating semi-arid and marginal lands.

Professor Kearl published extensively in the areas of range economics, livestock economics, grazing fees, sagebrush control, agricultural taxation, and land appraisals and values. He was a recognized expert in the areas of

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Coupal named Head

Dean Galey has appointed Associate Professor Roger Coupal as Department Head. Galey said, "Roger did a great job as interim head, and he has the confidence of the faculty and administration. He's strong in research and extension so he brings a lot to the university and to the public."

We want your news! Alumni, faculty, staff, graduate and undergraduate students are welcome to submit news and photos. Send them to Cole Ehmke at cehmke@uwyo.edu.

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New Faculty: Matt Anderson

Matt Anderson is a new assistant professor in the Department. He received his PhD from the University of California, Davis (2005) and his Masters from the Colorado School of Mines. Matt has a research and teaching appointment. His recent research has focused on the economics of increasing diversity in a workforce and on measuring the value of research investments in agriculture since 1949. He will be teaching agricultural finance.

New Staff: Janet Marsh

Janet Marsh is the new office associate for the Department. Her efforts will focus on the many and various administrative and daily office tasks associated with running a department. She comes to the Department with nine years of experience at UW and fills the position vacated by Becky Riley. She is a 1992 graduate of UW with a degree in journalism. Most recently she was an office associate with the Renewable Resources Department.

Recent Publications

Rashford, Benjamin, B. Dugger & R. Adams. 2008. Application of a Bioeconomic Optimization Model to Improve Waterfowl Management. *Journal of Wildlife Management* 72(2): 510-517.

Ehmke, Cole & D. Mount. August 2007. Reaching the small acreage audience through collaboration: the Small Acreage Conservation Education and Outreach Project. *Journal of Extension*, 45:4.

Nagler, Amy, Chris Bastian, John Hewlett & R. Weigel. June 2007. Risk Management for Ag Families: Evaluation of an Integrated Educational Program for Producers on the High Northern Plains. *Journal of Extension*, 45:3.

Tranel, J.E., J.P. Hewlett, R. Weigel, T. Rahman, T. Teegerstrom, and C. Ehmke. *Defining New Clientele for University Outreach in the West*. Proceedings of the International Farm Management Association. Cork, Ireland. July 2007.

Johnson, J.B., J.P. Hewlett & D. Griffith. *Adjusted Gross Revenue-Lite: A Whole Farm Revenue Insurance Available in Wyoming*. Agricultural Marketing Policy Center Policy Paper No. 24, Montana State University. February 2008.

Menkhous, D. J., O. R. Phillips, C. T. Bastian & L. B. Gittings. "The Matching Problem (and Inventories) in Private Negotiation," *American Journal of Agricultural Economics*. 89,4(2007): 1073-84.

Recent Seminars

Factors Affecting Agricultural Landowners' Preferences for Conservation Easements and Conserving Amenities, by Ashley Miller, University of Wyoming, 15 November 2007.

What is the Future of the Agricultural Economics Profession? by Dr. Greg Perry, Oregon State University. 13 March 2008.

In the Margins

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Starting in 2004, the January 1 total cattle inventory experienced slow growth through 2006. The inventory increased at a rate of about 0.5 percent in 2004, 1.5 percent in 2005 and 0.3 percent in 2006; however, after three years of growth in total cattle inventory, 2007 inventory declined -0.3 percent. The number of heifers held as beef cow replacements actually declined by -3.5 percent in 2007. Drought conditions over many of the cattle producing states, including Wyoming and other Western states as well as Texas and Oklahoma, along with increasing costs of production, are likely to blame for the decline.

The beef demand index, an index that adjusts for inflation and uses 1980 as the base year for comparison, bottomed out in 1998 at a 50 percent decline from 1980 levels but showed consistent growth through 2004, managing a 13-percentage-point increase.

Much of this growth can be attributed to a positive image of beef quality and to consumer diets that encourage protein and discourage carbohydrates; however, in 2005, the demand index declined 2 percentage points and another 4 percentage points in 2006, or 43 percent below 1980 levels. The year 2007 saw a slight increase in demand over 2006 of 1 percentage point.

This recent decline emphasizes a constant need to focus on meeting the changing needs and requirements of consumers, especially as consumers see a tightening in disposable income.

Prior to the first incident of bovine spongiform encephalopathy (BSE) in the United States, Japan and South Korea were the two biggest importers of beef followed closely by Mexico and Canada. In 2006, Mexico and Canada returned to the pre-BSE import levels while beef exports

to Japan and South Korea just started to return in 2006. The US continues to focus on restoring these two important markets, but it remains a slow process and could take a few years to return to pre-BSE levels.

Finally, one of the largest impacts on cattle prices at the end of 2007 was not supply, demand, or trade, but input costs. The sharp increases in corn prices have had a direct impact on cattle prices and will continue to do so in 2008. With an increase in demand for corn from the growing ethanol industry, expect corn prices to remain strong for the next few years even with increased production.

With the cost of feeding cattle increasing due to corn prices, calf prices will be under the most pressure; however, with growth in beef cow herds stalling, feeder cattle supplies will remain relatively tight. If producers are able to retain calves longer with a cost of gain less than in the feedlot, they should be rewarded in the market by supplying heavier cattle to the feedlots. ■

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grazing fees, range economics and ranch management. Professor Kearl retired from the University of Wyoming in 1990 after 28 years of service.

Dr. Kearl was a member of the American Agricultural Economics Association, Western Agricultural Economics Association, the American Society of Range Management, and the American Society of Animal Sciences. He was interim department head from 1983 through 1985. He served in both the United States Navy and Air Force. Professor Kearl was a generous contributor to the University of Wyoming and the College of Agriculture. He was a frequent visitor and constant friend and advisor to the agricultural economics department until the last weeks of his life. He also was an avid UW Cowboy and Cowgirl fan, golfer and fisherman.

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