



Fall 2011 Newsletter

Donation News...

Agriculture In An Emerging Economy: Ukraine

Fall 2011 Conference: Montana Agriculture in Volatile Times

ML Wilson Lecture: Michael Gerber

FFA Blue and Gold Tournament

Congratulations Fall 2011 Graduates!

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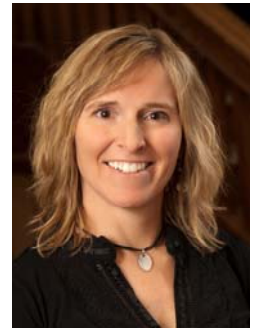
Note from the Department Head

Welcome to the Department of Agricultural Economics and Economics Fall/Winter 2011 Newsletter. Once again it has been a busy start to the academic year for DAEE faculty, staff, and students.

On the teaching front, the DAEE had its largest fall semester enrollment in ten years, teaching over 4,800 credits to over 1,700 students. The department is now home to over 160 students in one or both of our degree programs in Agricultural Business and Economics. We are glad to be part of the overall growth in enrollment at MSU.

The department again hosted our Fall Agriculture Conference this year, this time focusing on Volatility in Agriculture. The conference concluded with the annual M.L. Wilson lecture, this year presented by Michael Gerber, President and CEO of Farmer Mac. Other presentations included an overview of government deficits and debt, discussions of price volatility in the commodity, live-stock and input markets, and an overview of the Farm Bill.

Faculty research continues to be a strong focus for the department, and several faculty members have had their work published or accepted for publication in the past few months. DAEE research work is wide-ranging, focusing on topics including cattle production, health care policy, economic conditions on Indian reservations, teacher quality and education policy, and the impacts of medical marijuana laws on traffic fatalities.



Wendy Stock

The department says goodbye this year to Professor **Rob Fleck**, who is leaving this month for the greener pastures of Clemson University. We wish him the best in his new position.

As you read through the newsletter, I think that you'll agree that the department continues to uphold its reputation as home to a creative set of faculty and student-scholars who focus on excellence in teaching, research, and outreach.

Donation News...

The Department is pleased to acknowledge a generous donation that was made this fall to support the Ag Econ Opportunity Scholarship. **William Ewasiuk** was a long time Bozeman resident who worked as an Associate Professor and lecturer in the department between 1956 and 1978. William passed away in 2008, and a \$10,000 donation to the scholarship was made in his name this fall. The Ag Econ Opportunity Scholarship supports students with financial need who are majoring in agricultural economics or economics. We thank Bill's family for their generous support.



Publications

Greg Gilpin (with M. Kaganovich) have the following paper “The Quantity and Quality of Teachers: Dynamics of the Trade-off” forthcoming in the *Journal of Public Economics*.



Greg Gilpin

(continued from below) accepted for publication in the *Journal of Law, Economics, & Organization*. The paper explores the topic that well-functioning democracies typically rely on courts to protect electoral minorities from policies that violate a previously agreed upon set of rights. In practice, however, courts can be unwilling or unable to protect minorities from majorities, even when majority-supported policies clearly violate earlier agreements, such as constitutional provisions that specify equal protection under the law. Rob and Andy’s paper provides new insight into this problem by developing a theoretical model that identifies conditions under which judicial efforts to protect minorities from majority-supported policies may backfire, leaving minorities worse off than they would be in the absence of judicial efforts to help. As the paper explains, the model applies to a variety of ongoing legal battles, including those related to controversial court rulings on educational spending (e.g., *Serrano v. Priest*), eminent domain (e.g., *Kelo v. City of New London*), and same-sex marriage (e.g., *In re Marriage Cases*).



Rob Fleck

Rob Fleck’s paper, “Natural Selection and the Problem of Evil: An Evolutionary Model with Application to an Ancient Debate,” was published in the September 2011 issue of *Zygon: Journal of Religion and Science*. Rob’s paper develops a theoretical model rooted in economics and evolutionary biology, then applies the model to the

“problem of evil” – a philosophical topic that dates back at least to the ancient Greeks.

Eric Belasco’s paper on “Modeling Semi-Continuous Data Using Mixture Regression Models with an Application to Cattle Production Yields” (co-authored by Sujit Ghosh, statistician at NC State University), was recently accepted for publication in the *Journal of Agricultural Science*. This paper develops a multivariate framework for modeling the likelihood of a semi-continuous outcome that takes on a zero value with positive probability while continuous on the positive half of the real line. The semi-continuous variable of interest here is that of mortality rates in feedlot production, as they take on either a zero value or that of a positive value. The two step approach in this model provides flexibility to other production applications and is shown to provide a more accurate measure of mortality rates in cattle feedlots, both independently and with a system including other performance and health factors.



Eric Belasco

Eric Belasco had the book chapter, “The Health Care Access Index as a Determinant of Delayed Cancer Detection through Principal Component Analysis,” published in the book: *Principal Component Analysis / Book 3*. The research in this chapter develops an index that can be used to evaluate health disparities in accessibility through the use of principal component analysis. The index is then used as an indicator for areas of relatively high late-stage cancer detection. Five different methods for incorporating index information into a regression were used and compared using in-sample model fit measures. The importance of early-stage cancer prevention is important in reducing health care costs and improving patient outcomes. Using cancer and economic data from Texas, health access was found to positively correlate with the percentage of late-stage cancer detections for breast and lung cancers. In other cancers, such as prostate and female genital system, accessibility was not found to be a reliable predictor of late-stage cancer detection.



Randy Rucker

Randy Rucker had his op-ed, “Blessed are the Beekeepers,” published in *The Wall Street Journal* this past June. To read the full article,

go to: <http://online.wsj.com/article/SB10001424052702303635604576392021851510578.html#articleTabs=article>.

Greg Gilpin and **Anton Bekkerman’s** paper, “Cost-effective Hiring in U.S. High Schools: Estimating Optimal Teacher Quantity and Quality Decisions,” is forthcoming in *Applied Economics Letters*.



Anton Bekkerman

Rob Fleck and Andy Hanssen (Clemson University) had their paper, “Judicial Review as a Constraint on Tyranny of the Majority,” (continued above)



Presentations



Randy Rucker attended the Montana Council on Economic Education's conferences held in June (Bozeman) and October (Great Falls) to give presentations on topics such as "Prices," "Externalities," "Demand," "Supply," and "Equilibrium" to high school economics teachers.

Randy Rucker

Jason Percy presented his paper on "What Have Carbon Market Designers Missed?: Why EU Firms Pass Up Cheaper Carbon Offsets" (with DAEE's **Tim Fitzgerald** and graduate student **Nathan Braun**) at the University of Colorado Environmental and Resource Economics Workshop held this past October.



Jason Percy

Dominic Parker gave a seminar on "The Effects of Legal Institutions on Access to Credit" at the University of Wisconsin's Department of Agricultural and Applied Economics this past October.

This past June, **Rob Fleck** and Andy Hanssen (Clemson University) presented their paper, "How Tyranny Paved the Way to Wealth and Democracy: The Democratic Transition in Ancient Greece," at the International Society for New Institutional Economics meetings at Stanford University. The paper, which builds on Rob and Andy's earlier work on the rise of democracy, presents the first-ever economic analysis of the transition to democracy among the city-states of ancient Greece. In May, Rob presented the same paper to a group of classical historians in Stanford's Wealthy Hellas seminar.



Rob Fleck



Marsha A. Goetting, MSU Extension Family Economics Specialist, presented "Using Response Clickers during Estate Planning Programs" for Extension Agents in Bismarck, North Dakota this past October.

Marsha Goetting

Jason Percy was an invited seminar speaker at the University of Montana Economics Department. He presented his paper on "Bargains Followed by Bargains: When Switching Costs Make Markets More Competitive."



This past July, **Gary Brester** presented, "Commodity Price Risk Management: Contracting, Futures, and Options," at the Northwest Farm Credit Services all state marketing meeting in Red Lodge, MT.

Gary Brester



Nick Parker

In September, **Dominic Parker** participated in the Clinton Global Initiative's annual meetings in New York, NY. Nick joined a group of high profile government officials, international diplomats, movie stars, philanthropists, and corporate executives to discuss ideas for rebuilding economic and social order in the Democratic Republic of Congo. Nick was invited to specifically discuss the prospects of using land trusts as way for Congolese citizens to more directly benefit from the mineral rich lands.

Randy Rucker presented "Colony Collapse: The Economic Consequences of Bee Disease" (co-authored with W. Thurman and M. Burgett) at the Property and Environment Research Center (PERC) this past July.

In November, **Dominic Parker** presented a paper on "The Microeconomics of a Natural Resource Boom: Evidence from a Tribal Fishery" at the Lewis and Clark Law School in Portland, Oregon. The presentation was part of a workshop on "Institutions, Resource Use, and Economic Prosperity for North American Indians." Parker's paper is co-authored with **Randy Rucker** and Peter Nickerson of Seattle, Washington.

Marsha A. Goetting, MSU Extension Family Economics Specialist, provided "Continuing Legal Education Sessions" in estate planning for attorneys in Helena, Augusta, and Lincoln in September. She also presented "Using Response Clickers in Educational Programming" before the Helena Estate Planning Council.

Awards

MSU Mortar Board named **Rob Fleck** *Professor of the Month* for October 2011.

A pair of DAEE professors won the 2011 Addington Prize in Measurement presented by the Fraser Institute, Canada's leading public policy think-tank. This award recognizes a person or team who has researched a new, interesting, and important concept in public policy, exemplifying the Institute's motto: *If it matters, measure it*. Professor emeritus **Terry L. Anderson** and Assistant Professor **Dominic Parker** received the award, which comes with a \$10,000 prize, for their paper, "**Sovereignty, Credible Commitments, and Economic Prosperity on American Indian Reservations.**" The paper appears in the *Journal of Law and Economics*. The paper measures the economic consequences resulting from uncertain contract enforcement on reservations. The paper goes on to show that when states were granted civil law jurisdiction over some American Indian tribes, those tribes experienced significantly faster economic growth and rising incomes compared to tribes not subject to state jurisdiction.

Awards (continued)



Joe Atwood was chosen as a Pure Gold recipient. The Pure Gold program is a way to provide recognition for MSU faculty, staff, alumni, and friends of the university community who inspire others, enhance the strengths of the university, and embrace the Bobcat spirit. To see Joe's nomination, go to: <https://www.montana.edu/puregold/recipient.php#JoeAtwood>.

Joe Atwood

Chris Fisher (DAEE econ major) was awarded an Undergraduate Scholars Program stipend for \$1500 to help him in his research endeavors with **Dominic Parker**, his faculty sponsor.



President Waded Cruzado (left), Richard Owen (center), and College of Agriculture Dean, Jeff Jacobsen.

Richard Owen, a graduate of the DAEE, was named as one of the 2011 Outstanding Ag Leaders by the College of Agriculture. The Outstanding Ag Leader Award is given to individuals or couples who are well-respected in the

agricultural community, with accomplishments that impact many; have a lifetime of achievement in agriculture; are industry leaders or upcoming innovative producers; and are actively involved in the agricultural community in Montana (courtesy of MSU News Service).

2011 Welcome Back Picnic

The DAEE welcomed back all of our undergraduates, graduates, faculty, and staff with the fourth annual "welcome back picnic."

The weather was a bit breezy, but everyone enjoyed the picnic with sandwiches, cookies, lemonade and, of course, good company!



Fall 2011 Conference: Montana Agriculture in Volatile Times

On October 28th as part of the 2011 MSU Agriculture Appreciation Weekend the DAEE host the Montana Agriculture in Volatile Time Conference. Over 130 attendees had a chance to listen, learn and interact with DAEE faculty members.

This year's conference featured the following speakers: **Myles Watts** (US and World Agriculture Status), **George Haynes** (Montana Agriculture Status), **Doug Young** (Government Debt and Deficits), **Vince Smith** (Farm Bill & The Debt Crisis), **Anton Bekkerman** (Commodity Price Volatility), **Eric Belasco** (Livestock Price Volatility), **Duane Griffith** (Input Price Volatility) and Pat Barkey of the Bureau of Business and Economic Research (Montana Economic Outlook).

This is the 5th year of DAEE's annual fall conference. It has been a great opportunity for DAEE faculty members to interact Agricultural Producers, Agricultural Business Leaders, Agricultural Lenders and MSU Alumni.

We hope you will join us for the 2012 conference.



Fall 2011 Conference



Extension News



Marsha Goetting

A new MontGuide explaining the *Power of Attorney* (POA) law that was passed by the 2011 Montana Legislature and went into effect on October 1 has been published by Montana State University Extension. Co-authors of the publication are **Marsha Goetting**, MSU Extension Family Economics Specialist and Edwin Eck, Professor, School of Law at the University of Montana. The Mont-

Guide is available free on the Web at: www.montana.edu/estateplanning.

A new MontGuide explaining *Providers Orders for Life Sustaining Treatment* (POLST) has been published by MSU Extension. The fact sheet describes how a person can control medical treatments near the end of life by signing a document termed POLST in which the patient's wishes are translated into medical orders. Co-authors are: **Marsha Goetting** (MSU Family Economics Specialist) and MSU Extension Agents Virginia Knerr (Broadwater County) and Linda Williams (Chouteau County). The MontGuide is available on the Web at: <http://www.montana.edu/estateplanning/>.

This year, MSU Extension and MSU Human Resources sponsored the Solid Finances seminar/webinar program. Solid Finances is an employee education series presented by **Marsha Goetting** and **Joel Schumacher** which was created to provide financial education opportunities to MSU-Bozeman employees. The 2011-2012 series is comprised of four sessions focused on the following: money management, investments, retirement, and estate planning. For more information go to: <http://www.msuextension.org/solidfinances/>.



Joel Schumacher

Agriculture In An Emerging Economy: Ukraine



In spring 2011, three DAEE faculty led a group of twelve College of Agriculture students on an international experience to the Ukraine. The experience was part of a semester-long course focusing on issues affecting agriculture in emerging economies. The

course featured guest speakers who compared production and economic factors impacting agricultural sectors in Montana and the United States to those in emerging economies such as the Ukraine.

The course culminated in a trip to the Ukraine, where students were able to personally observe and experience lessons from the classroom. In Kiev, the country's capital, students met with public policy officials, toured a large commercial fruit and vegetable production operation, and visited the largest agricultural sciences university in the Ukraine. The group also visited a large winter wheat and barley farm and learned about sugar beet processing in central Ukraine. They toured a dairy farm and an agricultural machinery factory in the country's southeast region as well. The international experience concluded with a visit to a recently constructed CHS, Inc. grain handling and export facility at a large Black Sea port in Odessa. The course and visit to the Ukraine provided students with an opportunity to improve their understanding of the challenges and opportunities that emerge as agricultural sectors continue to grow in an increasingly global economy.



FFA Blue and Gold Tournament

This past summer, The Montana FFA Foundation held their annual Blue and Gold Golf Tournament. The DAEE brought two teams to this event and won second place with our team, "The Ringers" consisting of **Gary Brester**, **Eric Belasco**, Trisha Zowada (First Interstate Bank), and Kent Levi (Rocky Mountain Bank). The other DAEE golf team, "The Sandbaggers" included **Myles Watts**, **Vince Smith**, Paul Nelson (Farm Credit Services in Great Falls), and Jim Berardinelli (Animal Science faculty member). Good job!



From left to right: Kent Levi, Gary Brester, Trisha Zowada, and Eric Belasco

In Other News...



Randy Rucker

Randy Rucker was interviewed on research related to pollination markets for the John Batchelor Show (WABC Radio in New York City, with affiliates in Washington, D.C. and San Francisco). The interview was broadcast on June 24, 2011.

The DAEE has had several professors appear on this season of MT Ag Live. These appearances include:

- **Tim Fitzgerald**- Oil and gas leases
- **Vince Smith**- The new Farm Bill (2011) and farm subsidies
- **Eric Belasco**- Maintaining livestock health

D. Mark Anderson has had his paper, "Medical Marijuana Laws, Traffic Fatalities, and Alcohol Consumption" (with Daniel I. Rees) featured in several articles across the nation including TIME magazine, Popular Science, The Wall Street Journal blog page, and the Freakonomics blog. Below are several links to articles featuring the results of the paper:



D. Mark Anderson

<http://blogs.wsj.com/ideas-market/2011/11/30/do-medical-marijuana-laws-reduce-highway-deaths/>.

<http://www.popsci.com/science/article/2011-11/todays-study-debate-medical-marijuana-laws-reduce-traffic-fatalities>.

Randy Rucker participated in a conference organized by the Property and Environment Research Center (PERC) titled "Human Adaption to Climate Change" (July 31 - August 2, 2011).



Vince Smith

This past fall, **Vince Smith** has been featured in several media outlets as part of the (American Enterprise Institute) AEI Farm Bill initiative. He has been featured on NPR's All Things Considered as well as being featured in The New York Times both this past October. In a nutshell, AEI studies have effectively identified about \$10 billion a year that could be cut in farm bill subsidies. Below are links to his papers and media appearances:

All Things Considered broadcast. To read the transcript or listen to the broadcast: <http://www.npr.org/2011/10/20/141563711/are-farm-subsidies-at-risk>. (continued above)

(continued from below) The New York Times article: http://www.nytimes.com/2011/10/18/business/when-one-farm-subsidy-ends-another-may-rise-to-replace-it.html?_r=1&emc=eta1.

A video of Vince talking about the Farm Bill in Washington D.C.: <http://www.aei.org/video/101481>.

One of his paper's on the topic, "American Boondoggle: Fixing the 2012 Farm Bill," is available at: <http://www.aei.org/docLib/Final-Goodwin-Smith-Sumner.pdf>.

ML Wilson Lecture

Each year the DAEE has the privilege of hosting a nationally recognized economist or industry leader to provide the M.L. Wilson Distinguished Lecture. Michael Gerber, President and CEO of the Federal Agricultural Mortgage Corporation (better known as Farmer Mac), was the 2011 honoree. Farmer Mac provides a secondary market for agricultural lenders in Montana and across the U.S. Farmer Mac is currently involved with over \$11 billion in agricultural loans. The Farmer Mac programs allow many Montana lenders to more effectively serve their agricultural clients. Michael's lecture addressed many of the implications volatility has on agricultural lending decisions and the agricultural industry at large.



Michael Gerber, President and CEO of Farmer Mac

Faculty Spotlight



Jason Percy

For our fall newsletter, the DAEE has put the spotlight on Assistant Professor of Economics, Dr. **Jason Percy**:

How did you end up at the DAEE?

Before joining the DAEE, I was an assistant professor at Tulane University in New Orleans. Tulane was a great place to work, but my wife and I both wanted to move back west and after our second daughter was born we felt the need to move somewhere a

little more family friendly. Besides fitting our location preferences, I was interested in the DAEE because of the great group of interesting and research productive faculty members in the department. Fortunately for me, the DAEE was hiring that year, and I was lucky enough to receive an offer.

What are your current research topics of interest?

Most of my research is in the area of Industrial Organization, which is the study of firm behavior. I mostly focus on issues related to product differentiation, price discrimination and switching costs i.e. thinking about different firm pricing strategies, how these strategies affect firm profits, market outcomes, and potential public policy implications. I'm also working on projects involving eBay auctions, auctions for electricity generation, and international telecommunications.

What led you to study economics?

I wasn't exposed to economics until my junior year of college. Up to that point, I was an electrical engineering major, but I never found it to be that interesting. I really liked the math associated with engineering, and I really liked the content of the political science and philosophy courses I'd taken. I found economics to be a good mix of my different interests.

What is your favorite class to teach and why?

My favorite class to teach is Industrial Organization. It's a junior/senior level course so on average the students tend to be more engaged and interested in economics. This makes it more of a challenge and also more fun to teach. The course also overlaps with my research interests, so we get to talk about issues in class that I think about on a daily basis.

What do you like to do in your spare time?

With the limited spare time I do have, I like to spend it being with my family and/or being outdoors (hiking, fishing, rafting, camping, mountain biking and skiing).

Congratulations Fall 2011 Graduating Seniors!

Agricultural Business:

Brock Arthun
Kyle Huestis
Jeff Pimperton
Trevor Schock

Economics:

Juniper Chapman
Kaitlin Macdonald
Shevick VanderWey

Help Support Agricultural Economics

A gift to the department is a great way to support student and faculty endeavors.

Donations can be earmarked for student scholarship funds, faculty research, the M.L. Wilson lecture series, and more.

For more information about making a donation to the department, contact:

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