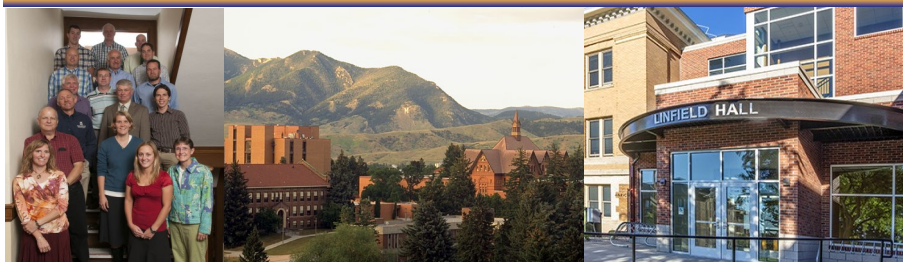


Department of Agricultural Economics and Economics



Fall 2015 Newsletter

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Note from Department Head

Thank you for reading the Department of Agricultural Economics and Economics (DAEE) Fall/Winter 2015 Newsletter. From teaching and conducting conferences to giving public presentations and publishing high-quality research, it has been a busy first half of the academic year for our award-winning set of faculty, staff, and students.

On the teaching front, the department offered a new course this semester, AGBE 353 Co-operative Principles and Practice. Professor George Haynes led the course, which focuses on the cooperative business structure and the role of cooperatives in marketing, bargaining, purchasing, and service. This spring the DAEE is once again offering the AGBE 315 Ag in a Global Context course, with an anticipated trip to France and Italy at the end of the semester. This year's class

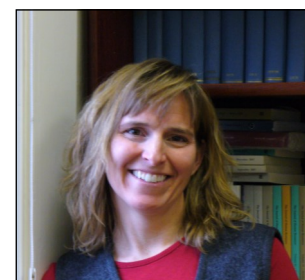
will focus on pulse crops to coincide with the United Nations' declaration of 2016 as the International Year of Pulses.

Faculty research continues to be a strength of the department, and several faculty members have had their work published or accepted for publication in the past few months. This work is wide-ranging, focusing on topics including the effect of parental involvement laws on teen birth control use, the impact of the 2014 Farm Bill on farm debt, the growing role of for-profit colleges, the impacts of primary election spending, and analysis of the wild horse and burro program.

DAEE students continue to excel. We expect 29 students to finish their DAEE degrees this fall, which represents our largest fall graduating class ever. Eleven of these students will graduate with honors or highest honors,

meaning they earned GPAs of at least 3.25 or 3.70, respectively, during their time at MSU. Congratulations Graduates!

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



Wendy Stock



Department of Ag Econ & Econ

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Celebrate Ag! Weekend

Montana Agriculture: Global Trade to Local Foods

DAEE and MSU Extension hosted the annual agricultural outlook conference as part of Celebrate Ag! Weekend titled **Montana Agriculture: Global Trade to Local Foods** on November 6th at the Procrastinator Theater at MSU.

The morning session was highlighted by the M.L. Wilson Lecture by Dr. Colin Carter. He addressed "Trade & The Trans-Pacific Strategic Economic Partnership Agreement." Dr. Carter is a professor at the University of California-Davis and also the director of the Giannini Foundation of Agricultural Economics.

The morning session also featured the following DAEE speakers:

- **Kate Fuller:** Montana Agriculture Outlook

- **Joe Janzen:** Marketing Montana Pulses: What's Special About Specialty Crops
- **Eric Belasco:** Market Fundamentals and Recent Cattle Price Movements

This year's conference also featured two in-depth breakout sessions in the afternoon. The first session focused on Local Foods: Producer-Consumer Relationships. This session was presented by Dawn Thilmany McFadden. Dr. McFadden is a professor and Agribusiness Extension Economist at Colorado State University. **George Haynes**, Dylan Strike (Running Strike Farms), Mariann Van Den Elzen (Quality Food Distributing) and Nate Brown (Amaltheia Organic Dairy) also contributed to this session.

The other afternoon session focused on Innovations in *Price Risk Management: Basic Contracts, Fence Hedges, and*

Delivery Contracts. **Gary Brester, Joe Atwood, Joe Janzen, and Eric Belasco** led this session.



Kate Fuller



Joe Janzen



From Left to Right: Nate Brown (Amaltheia Organic Dairy), Dylan Strike (Running Strike Farms), Mariann Van Den Elzen (Quality Food Distributing)



Eric Belasco



Joe Atwood

Research and Publications

The Impact of Extreme Weather on Cattle Feeding Profits

www.waeaonline.org/UserFiles/file/JAREMay20156Belascopp285-305.pdf

Eric Belasco published "The Impact of Extreme Weather on Cattle Feeding Profits" in the *Journal of Agricultural and Resource Economics*.

While large feedlots commonly hedge corn and fed cattle prices, weather remains the largest uncontrollable component of production risk. This research identifies the economic losses to cattle feeding associated with extreme weather. Profit losses are assessed using nonlinear regressions that relate weather outcomes, based

on the Comprehensive Climate Index, and their impact on livestock production variables. Actuarially fair insurance premium rates are derived for an insurance product designed to mitigate the potential cost of extreme weather.

Finally, additional issues associated with using weather-index insurance products and insuring feedlot cattle against adverse weather are discussed.



Eric Belasco

Why Has For-Profit Colleges Share of Higher Education Expanded So Rapidly?

www.sciencedirect.com/science/article/pii/S0272775714001150

Greg Gilpin, Chris Stoddard, and Joe Saunders (recent DAEE M.S. graduate) authored "Why Has For-Profit Colleges' Share of Higher Education Expanded So Rapidly? The Role of Labor Market Changes in Enrollment and Degree Completion at Two-Year Colleges" in the *Economics of Education Review*.

Over the last two decades, for-profit colleges (FPCs) have substantially increased their share of the higher education market. One potential explanation is that FPC sector may be more responsive to labor market changes than public competitors. Using panel datasets of Associate's degree students, this paper examined the effects of changes in labor market conditions across various employment

fields on enrollment and degree completion in related majors.

The results indicate that enrollment and degree completion in the FPC sector is positively related to employment growth and wages in related occupations, while public institutions remain largely unresponsive to these changes.

Heterogeneity analysis reveals that these relationships are similar across groups of students by gender and ethnicity. Furthermore, the results also indicate that students in public institutions are non-responsive to changes in labor markets associated with requiring an Associate's or Bachelor's degree.



Greg Gilpin



Chris Stoddard

Research and Publications, cont'd.

The Effect of Parental Involvement Laws on Teen Birth Control Use

Mark Anderson, along with co-author Joseph Sabia, have authored "The Effect of Parental Involvement Laws on Teen Birth Control Use," which is forthcoming in the *Journal of Health Economics*.

Previous research has found that parental involvement (PI) laws have no effect on the probability that minors abstain from sex or use contraception. The paper re-examines the question using data from the

National and State Youth Risk Behavior Surveys and a variety of identification strategies to control for state-level time-varying unmeasured heterogeneity.

The paper finds evidence that PI laws are associated with an increase in the probability that sexually active minor teen females use birth control.



Mark Anderson

Splendide Mendax: False Label Claims About High and Rising Alcohol Content of Wine

www.wine-economics.org/workingpapers/AAWE_WP82.pdf

Kate Binzen Fuller, along with co-authors Julian M. Alston, James T. Lapsley, George Soleas, and Kabir Tumber published "Splendide Mendax: False Label Claims about High and Rising Alcohol Content of Wine" in the *Journal of Wine Economics*.

Are wine alcohol labels accurate? If not, why? The paper explores the high and rising alcohol content of wine and examines incentives for false labeling, including the roles of climate, evolving

consumer preferences, and expert ratings.

We draw on international time-series data from a large number of countries that experienced different patterns of climate change and influences of policy and demand shifts. We find systematic patterns that suggest that rising wine alcohol content may be a nuisance by-product of producer responses to perceived market preferences for wines

having more-intense flavours, possibly in conjunction with evolving climate.

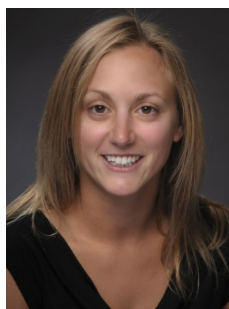


Kate Binzen Fuller

Local Economic Gains from Primary Election Spending

Carly Urban's paper "Local Economic Gains from Primary Election Spending" (joint with Rebecca Lessem at Carnegie Mellon University) is forthcoming at the *Economic Journal*.

This paper asks how government and private consumption spending affects earnings in service sectors. The authors exploit the variation across states and time in the money spent



Carly Urban

while campaigning for a party's Presidential primary nomination.

They create a novel dataset combining the date each state held its primary from 1976-2008, the date in each election cycle in which only one candidate remained, and quarterly state earnings by sector. Hosting a primary election increases earnings, particularly in the retail and accommodations sectors.

Research and Publications, cont'd.

Military Readiness and Food Aid Cargo Preference: Many Costs and Few Benefits

www.aei.org/wp-content/uploads/2015/09/Military-readiness-and-food-aid-cargo-preference.pdf

Through the *American Enterprise Institute (AEI)*, Professor **Vincent Smith** and Dr. Stephanie Mercier published a new study on the U.S. food aid program titled "Military Readiness and Food Aid Cargo Preference: Many Costs and Few Benefits."

Dr. Mercier served as the chief economist on the Senate Agricultural Committee for over a decade, until retirement from the federal government in 2012. Her work on this project was funded by Oxfam through support from the Bill and Melinda Gates Foundation, while some of the work by Professor Smith was funded through support from AEI.

The findings of the report have already been cited in House Foreign Relations Committee hearings and have been widely disseminated to policy makers and policy stake holders.

Based on a careful statistical analysis of all food aid shipments over the period January 1, 2012 to May 31, 2015; the authors find that Cargo Preference for Food Aid (CPFA), which requires at least 50 percent of all food aid to be sourced and shipped on U.S.-flagged vessels, resulted in an additional \$140 million to \$200 million in wasted spending on shipping costs from January 2012 to May 2015. Although the main political rationale for preserving CPFA has been the need to maintain a viable oceangoing fleet of trained mariners for military preparedness, the most militarily useful ships in the U.S.-flagged commercial mercantile fleet carried only 18 percent of all food aid shipments between 2011 and 2013. Food aid shipments accounted for less than 5 percent of those vessels' total shipping capacity over that same period.

By terminating cargo preference for food aid, the practice of monetization, and the requirement that almost all food aid be sourced in the United States, the U.S. emergency food aid programs could serve an additional 4–10 million people in dire need of emergency help every year at the same levels of federal funding used currently.



Vincent Smith

Social Protection in the Face of Climate Change

www.montana.edu/sjanzen/socialprotectionclimatechange.pdf

A World Bank Policy Research Working Paper by **Sarah Janzen** (joint with Michael Carter) was used as a background paper for the World Bank's highly visible report on climate change and poverty, which was launched just before the global climate change talks in Paris.

The report brings together research on the dual objectives of ending poverty and addressing climate change. The paper shows that in certain settings the long-term level and depth of poverty

may be improved through targeting vulnerable households for social protection programs (like cash transfer programs), rather than solely focusing on extremely poor households, especially as climate change increases the likelihood and magnitude of extreme weather events that disproportionately affect poor populations.

The paper also explores the degree to which vulnerability-targeted social protection can be implemented through a subsidized insurance mechanism.



Sarah Janzen

Research and Publications, cont'd.

Decoupling Direct Payments: Potential Impacts of the 2014 Farm Bill on Farm Debt

www.emeraldinsight.com/doi/full/10.1108/AFR-05-2015-0023

Amy Watson (recent DAEE M.S. graduate), **Anton Bekkerman**, and **Eric Belasco** published "Decoupling Direct Payments: Potential Impacts of the 2014 Farm Bill on Farm Debt" as the lead article in the *Agricultural Finance Review*.

For over 20 years, decoupled agricultural support programs have played a large role in farm policy.

A two-stage least squares model is used to estimate the impact of decoupled payments, farm production characteristics, demographics, regional risk factors, as well as cross-sectional

and temporal fixed effects on farm debt, along with weather-related instrumental variables. Results indicate that a negative and statistically significant relationship exists between decoupled payments and farm debt.

This study implies that farmers likely use annual decoupled payments to reduce their debt, potentially influencing their exposure to financial risks, capacity to withstand financial instability, and access to credit.

This study is also the first of its kind to account for the endogenous relationship between production decisions and debt,

and to use a large unbalanced panel of data available from the Agricultural Resource Management Survey.



Eric Belasco



Anton Bekkerman

U.S. Private Oil and Natural Gas Royalties: Estimates and Policy Considerations

Randy Rucker and Timothy Fitzgerald (former DAEE faculty member) authored "U.S. Private Oil and Natural Gas Royalties: Estimates and Policy Considerations," which is forthcoming in *OPEC Energy Review*.

Widespread ownership of oil and natural gas resources by private individuals is unique to the United States. The owner's share is typically specified as a gross revenue royalty.

This paper discusses estimates of income from production of privately-owned mineral resources. Focusing on onshore resources in the continental United States, the authors determine

that the share of total oil and natural gas production attributable to privately-owned minerals has been approximately 75 percent in recent years.



Randy Rucker

The paper finds that the average private royalty rates in recent years were 13.5 percent for oil and 11.8 percent for natural gas, and that private royalty income from oil and gas production was \$21-22 billion in 2011 and 2012.

The paper also briefly discusses four current policy issues upon which our estimates have bearing: exports of liquefied natural gas and crude oil, effects of refinery and pipeline constraints, state and federal tax policy, and regulation of technology.

Research and Publications, cont'd.

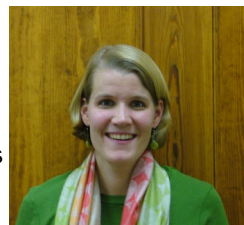
The Impact of Maternity Leave Laws on Cesarean Delivery

www.montana.edu/cstoddard/documents/csection%20final.pdf

Chris Stoddard, Wendy Stock, and DAEE M.S. graduate Elise Hogenson published, "The Impact of Maternity Leave Laws on Cesarean Delivery" in the *B.E. Journal of Economic Analysis and Policy*.

Through their influence on insurance and relative leave length, maternity leave laws can alter the incentives for mothers or their doctors to choose cesarean delivery.

This paper uses a difference-in-difference approach to estimate the impact of state-level of maternity leave laws on cesarean delivery. Empirical results suggest that maternity leave laws guaranteeing relatively short leaves are associated with reduced probability of cesarean delivery. Laws that guarantee continued insurance coverage during the leave are associated with an increase in the probability of cesarean delivery among insured women.



Chris Stoddard



Wendy Stock

The Economic Welfare and Trade Relations Implications of the 2014 Farm Bill

"The Economic Welfare and Trade Relations Implications of the 2014 Farm Bill", edited by **Vincent Smith**, who also authored several chapters of the book, will be released by *Emerald Publishing* in early January.

The work includes analyses by leading agricultural economists from major universities across the country including, the University of California - Berkeley, Cornell, the University of California - Davis, the University of Texas, the University of Maryland, North

Carolina State University, and the University of Minnesota.

It is the first comprehensive study of the economic efficiency, welfare, and trade relations impacts of the agricultural subsidy, food aid, conservation, rural development, and agricultural trade programs embedded in the major titles of the 2014 Farm Bill. Three of the policy specific studies included in the volume have already received national awards for excellence from the

Agricultural and Applied Economics Association (AAEA).

The book is targeted to meet the needs of undergraduate and graduate students in agricultural policy courses as well as those of policy makers, interest groups, the general public and other economists.



Vincent Smith

Negative Advertising and Political Competition

Carly Urban, along with coauthors Amit Gandhi of the University of Wisconsin-Madison and Daniela Iorio of the University of Bologna, wrote "Negative Advertising and Political Competition," which is forthcoming at the *Journal of Law, Economics, and Organization*.

This paper poses the question: Why is negative advertising such a prominent feature of competition in the US political market? The authors hypothesize that two-candidate races



Carly Urban

provide stronger incentives for going negative relative to non-duopoly contests: when the number of competitors is greater than two, airing negative ads creates positive externalities for opponents that are not the object of the attack.

To investigate the empirical relevance of the fewness of competitors in explaining the volume of negative advertising, the authors exploit variation in the number of entrants running for U.S. non-presidential primaries from 2000 through 2008. Duopolies are over twice as likely to air a negative ad when compared to non-duopolies, and the tendency for negative advertising decreases in the number of competitors.

Research and Publications, cont'd.

Crime and Punishment: The Role of Student Body Characteristics in Schools' Disciplinary Behaviors

Anton Bekkerman and **Gregory Gilpin** authored "Crime and Punishment: The Role of Student Body Characteristics in Schools' Disciplinary Behaviors," which is forthcoming in *Applied Economics*.

Schools' disciplinary decisions in cases of student misconduct can significantly limit students' access to education by removing those students from familiar learning environments. Discretion in schools' evaluation and disciplining of offenses can provide an efficient and effective misconduct management structure, but it can also lead to schools making disciplinary decisions based on factors (such as race or

ethnicity) that are unrelated to the misconduct.

This paper investigates schools' disciplinary decisions for serious misconduct, which are often associated with lengthy punishments such as permanent removal from a school or a prolonged suspension. It also shows that punishments are more severe in schools that do not report misconduct to local law enforcement agencies. Differences in the rate and severity of school discipline across U.S. public high schools is related to variation in student body demographic and socioeconomic characteristics.

That is, more frequent and more severe discipline is used in schools with a higher proportion of black or Hispanic students.



Anton Bekkerman



Greg Gilpin

You Can't Drag Them Away: An Economic Analysis of the Wild Horse and Burro Program

Randy Rucker, with co-authors Vanessa Elizondo (recent DAEE M.S. graduate) and Timothy Fitzgerald (former DAEE faculty member) authored, "You Can't Drag Them Away: An Economic Analysis of the Wild Horse and Burro Program," which is forthcoming in the *Journal of Agricultural and Resource Economics*.

Since 1971, wild horses and burros living on federal land have been legally protected, limiting removal from the range and stipulating restrictive conditions for transfer to private ownership. Although periodic "gathers" prevent overpopulation, the authors find that there are both political and biological

influences on the probability and size of gathers.

Attempts to convey removed horses to private owners are often unsuccessful because of the relatively low quality of some animals and because of contractual restrictions. We consider alternative policy regimes that promote the transfer of additional animals and find that one relatively simple reform could have reduced program costs by as much as \$452 million over the past 25 years.



Randy Rucker

Does Shortening the School Week Impact Student Performance?

Mark Anderson's research paper "Does Shortening the School Week Impact Student Performance?" Evidence from the Four-Day School Week was featured on a segment of the Today Show in September. [Click here](#) to view the segment.

Faculty Spotlight

Isaac Swensen

What brought you to the DAEE?

I was very fortunate that my job search aligned with an open position here! The DAEE was on my radar early due to its reputation of producing high-quality research in applied microeconomic fields. It also helped that I have strong ties to Montana having grown up in Fairfield. My visit to campus and interactions with the faculty and staff convinced me that the DAEE would offer an ideal setting to start my career—surrounded by highly productive colleagues with high expectations for new hires and a willingness to provide helpful feedback.

What are your current research topics of interest?

My research spans several fields in applied microeconomics and is tied together by my interest in the effect of risky behaviors on crime, health, and educational outcomes. These are areas where I see a particular need for research; where economic theory and econometric tools can be used to answer policy-relevant questions and get at underlying causal relationships that are otherwise difficult to quantify. For instance, I've explored these issues in the context of higher education by analyzing the effect of legal access to alcohol on college outcomes, the link between big-time sports programs and non-athlete grades and—more recently—the contributing factors to the incidence of sexual assault on college campuses.

What led you to study economics?

I was initially led to economics because I wanted to keep my career options broad and acquire marketable skills. In other words, I didn't know what I wanted to do. It didn't take me long to get really excited about the economic toolset and approach to understanding difficult real-world issues. It was even more exciting when I realized I could make a career out of using economics to answer fascinating questions.

What is your favorite class to teach and why?

I have particularly enjoyed teaching labor economics as it provides a setting for me to tie in my own research and discuss applied labor tools and principles that I use on a daily basis. It is also a relatively small class of mostly economics majors, which promotes more open discussion and student excitement about fascinating labor market issues.

What do you like to do in your spare time?

Most of my spare time is spent with my family reliving my childhood with/through my kids. We enjoy taking advantage of Montana's seasonal recreational activities. I also enjoy playing or watching almost any sport and woodworking.

What advice do you have for students that would help them succeed?

I try to convince my ECNS 204 students that an understanding of opportunity costs can help them succeed. To be more specific, an MSU education can be an invaluable resource, but the opportunity cost of a passive approach to education is likely enormous. I think successful students realize this and are proactive, think ahead, plan for productivity, and overcome any hesitancy to be actively involved in every class they take while at MSU.



Isaac Swensen and his wife Lindsey

Outreach and Presentations

Does Salient Student Loan Information Affect Academic Behavior?

Christiana Stoddard and **Carly Urban** presented “Does Salient Student Loan Information Affect Academic Behavior?” (coauthored with Maximilian Schmeiser of the Federal Reserve Board) at Utah State University, the University of Illinois at Chicago, and Philadelphia Federal Reserve Bank’s Consumer Credit Payment Conference.

More students than ever borrow to finance post-secondary education, with average balances rising over time. However, students receive little information when choosing student loan amounts.

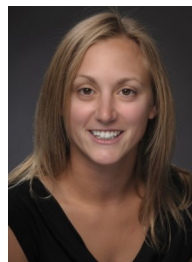
This presentation exploits a natural experiment to understand how information can change student behavior.

At Montana State University, students received letters with information about their student loan debt, while students at the University of Montana did not. They find that the intervention reduced borrowing in the subsequent semester by \$1,360 and also increased credits completed and GPAs.

This research has since received national attention from Bloomberg News. [Click here](#) to see the news story.



Chris Stoddard



Carly Urban

AAEA Annual Meeting in San Francisco

Joe Janzen presented “Supply Shocks, Futures Prices, and Trader Positions” (joint with Nicolas Merener of Universidad Torcuato di Tella) at the AAEA Annual Meeting in San Francisco.

Study: Analysis of the Effects of Reducing Subsidies Paid to Crop Insurance Companies

Through the American Enterprise Institute, Professors **Eric Belasco** and **Vincent Smith** recently published an analysis of the effects of reducing subsidies paid to crop insurance companies by \$300 million a year, a provision of the bi-partisan budget agreement approved by Congress in late October of this year.

Various policy makers and crop insurance interest groups claimed that such a cut in crop insurance company revenues would cause the federal subsidized crop insurance program to implode. However, as Drs. Belasco and Smith showed, insurance companies currently expect to receive well over \$2 billion a year in payments for essentially the same amount of services as they were willing to provide in the mid-2000s for only \$1 billion a year in today’s dollars.

The study is available by [clicking here](#).

Also it has been widely disseminated and cited in editorials in the New York Times and Washington Post. To view New York Times article [click here](#). To view the Washington Post article [click here](#).

Dr. Smith was also asked to participate as one of two keynote speakers in briefings on the crop insurance company subsidy issue organized on a bi-partisan basis for over 130 House and Senate staffers on “the Hill” in Washington D.C. in November.



Vincent Smith



Eric Belasco

Outreach and Presentations, cont'd.

Gary Brester Outreach Presentations

Gary Brester gave the following presentations:

- “*Whither the Cattle Cycle? Drought or Something Else?*” at the 2015 Risk and Profit Conference at Kansas State University in August. Given that above-trend inflation-adjusted calf prices have existed for the past 15 years, one would have expected to see substantial increases in U.S. cattle inventories. However, this has not occurred to date. The impact of drought on cow-calf producers is one of the major cost factors that is holding back the expansion phase of the cattle cycle.
- “*U.S. (and Montana) Hay Production, Prices, and Exports,*” at the 2015 CHS Dealer Award Meeting in Fairmont, MT in July. U.S. hay production has declined in recent years because of drought and the profitability of crop production alternatives. In addition, hay exports have increased but are still a relatively small part of total hay production. Nonetheless, these factors have combined to push U.S. hay prices to record levels. Most hay exports originate from the West Coast, and the primary export destinations for alfalfa hay are Japan, China, and

the United Arab Emirates. The primary export markets for other hay are Japan and South Korea.



Gary Brester

- “*Whither the Cattle Cycle? How Long Will High Cattle Prices Persist?*” at the Arizona Cattle Growers’ Association 111th Annual Meeting in Tucson, AZ in July. Current record-high calf prices have occurred (in inflation-adjusted terms) three times since 1920 – in 1951, 1973, and 1979. In each case, price spikes were caused by a combination of low cattle numbers and unusual market situations. Each of these record-high price events was short-lived – less than two years. In general, prices declined by 50% as macroeconomic conditions reversed themselves

(e.g., Korean War purchases and incomes declined, and OPEC oil shocks permanently increased production costs and substantially reduced beef demand). But, cattle inventories also increased for a short time in response to high prices in each of these cases. If history repeats itself, then record high cattle prices will not exist for an extended period of time. However, if the factors that have caused current high prices do not reverse themselves, and cattle inventories do not increase substantially, then cattle prices are likely to remain at relatively high levels.

- “*A Primer on Montana Agriculture, Wheat, and Cattle Markets,*” at the Women Stepping Forward for Ag Conference in Billings in September. Technological changes have greatly increased the productivity of agricultural production. In addition, input substitutions have occurred between labor and other agricultural inputs. U.S. and Montana farm ownership is dominated by sole proprietorships and family-owned corporations. The fundamentals of the wheat and cattle markets were presented.

School Break Readership

Greg Gilpin presented research on school-break readership at the Western Economic Association Annual Conference, in Honolulu, HI in June.

Aspirations and Poverty presented at Two conferences

Sarah Janzen organized and moderated a symposium on aspirations and poverty at the International Conference of Agricultural Economists in Milan, Italy.

The session included presentation of her research from rural Nepal regarding the

connection between social networks and how individuals form their aspirations for future income, wealth, education (especially for children) and social status. The presentation also analyzed the link between aspirations and future-oriented behavior. The same research was also presented at the

Agricultural and Applied Economics Association Annual Meeting in San Francisco.



Sarah Janzen

Outreach and Presentations, cont'd.

Challenges to Managed Pollinator Health: Welfare Implications of Changes in Pollination Service Fees Stemming from Honey Bee Health Problems

Randy Rucker presented "*Challenges to Managed Pollinator Health: Welfare Implications of Changes in Pollination Service Fees Stemming from Honey Bee Health Problems*," during a one day mini-summit held by the Washington D.C. Pollinator Research Partners in September.

Findings in a previous research project suggest that the aggregate economic impacts of Colony Collapse Disorder (CCD, a honey bee affliction that has been in the

news for almost a decade) are relatively small.

Preliminary results in the current project support these results, finding that CCD's consumer impacts at the retail level are limited to a possible increase of \$0.10 - 0.12 per one-pound can of almonds. Retail price impacts for other food items that rely on pollination by honey bees are not discernable from \$0.00.



Randy Rucker

The Effect of U.S. International Food Aid on Prices for Dry Peas and Lentils

Joe Janzen presented "The Effect of U.S. International Food Aid on Prices for Dry Peas and Lentils" at the International Conference of Agricultural Economists in Milan, Italy.

State Mandated Financial Education and the Credit Behavior of Young Adults

Carly Urban was invited to present her work "State Mandated Financial Education and the Credit Behavior of Young Adults" (joint with J. Michael Collins of the University of Wisconsin-Madison, Maximilian Schmeiser of the Federal Reserve Board, and Alexandra Brown of the Federal Reserve Board) at a variety of forums this fall.

In this work, the authors find that if implemented correctly, financial education in high school can increase credit scores and reduce defaults among young adults. Dr. Urban presented this work to the Council of Economic Education's Annual

Conference in St. Petersburg, Florida, to the Oklahoma Legislature, which is contemplating adding in a financial education course requirement, and to the Society of Financial Education and Professional Development in Washington, DC, a group of financial educators.

She was also invited to and participated in the National Endowment for Financial Education's selected roundtable with a group of 15 policymakers, researchers, lobbyists, and practitioners in Washington, D.C. to discuss potential solutions to the lack of financial literacy among young adults. She has also been

invited to discuss her findings in a seminar to the Brazilian Securities and Exchange Commission in Rio de Janeiro in December.



Carly Urban

Outreach and Presentations, cont'd.

The Decision to Carry: Understanding the Effect of Crime on Concealed-Carry Applications

Isaac Swensen presented "The Decision to Carry: Understanding the Effect of Crime on Concealed-Carry Applications" (Joint with Briggs Depew, LSU) at the Southern Economic Association Annual Meeting.

Laws that govern the concealed carry of firearms in public places are central to ongoing gun policy debates. Despite a large literature on guns and crime, there remains a lack of empirical evidence on the determinants of gun ownership and carrying.

This study takes into consideration the extent to which perceived threats, as

measured by local-area crime incidents, contribute to gun prevalence. Using unique concealed-carry application data from North Carolina, the paper estimates the effects of local crime on the decision to apply for a concealed-carry permit.

It also finds that concealed-carry applications are responsive to local homicide incidents, with a previous-month homicide increasing monthly application rates by 10 percent. The results are consistent with the notion that individuals are most responsive to relatively serious

perceived threats, measured by local homicides, and not other crimes.



Isaac Swensen

MSU Extension Update

Investor and Financial Education

www.msuextension.org/solidfinances

Joel Schumacher was recently awarded a grant of \$170,830 from the FINRA Investor Education Foundation to continue and expand on the successful Solid Finances program.

This marks the fourth time in five years the FINRA Foundation has supported a MSU Department of Agricultural Economics and Economics program. Two previous grants helped develop, deliver and expand the Solid Finances program. A third grant provided support for **Dr. Carly Urban's** research examining the effectiveness of state level financial education mandates across the country.

This year's Solid Finances series will be expanded to three states and will be jointly sponsored by MSU Extension,

University of Idaho Extension, and South Dakota State University Extension.

This program will include sessions on money management, home buying, retirement planning, student loans, identity theft, and estate planning, and will feature ten different speakers from the three universities. The current project will also train librarians on finding and accessing financial resources for their clients.

Gerri Walsh, president of the FINRA Foundation, said the program this year is supported by multiple units to reach rural states. "We are proud to support Montana State University and its partners as they expand the Solid Finances program in a three-state region," Walsh said. "This proven,



SOLID FINANCES

multimodal program combines the great strengths of both the Cooperative Extension System and public libraries to provide financial and investor education that reaches hard-working rural Americans."



Joel Schumacher

MSU Extension Update cont'd.

Montana Poverty Study Report Card

www.montana.edu/extensionecon/poverty.html

George Haynes has received funding from the Montana Department of Health and Human Services for a project designed to provide a detailed examination of poverty at the county level in Montana.

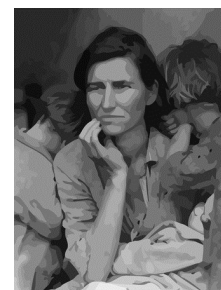
The information compiled for this project comes from the food stamp program; the Low Income Home Energy Assistance Program (LIHEAP); the free and reduced school lunch program; unemployment data; U.S. Census

information on poverty, income, and population; Federal Bureau of Economic Analysis Regional Economic Information System (REIS); and information developed by others.

The project will produce a poverty report card for all counties in Montana using information from 2010 to the present.

Joel Schumacher (Extension Associate Specialist) and **Keri Hayes** (Extension

Publications Assistant) will be a part of this project as well.



Estate Planning Presentations Across Montana

Marsha Goetting, MSU Extension Family Economics specialist presented a variety of topics in the estate planning area ranging from estate planning for parents with minor children to what happens in Montana if you die without a will. She presented in 48 communities reaching over 1,378 citizens during 2015.

Audiences include: Young Ag Couples Conference in Helena; Montana Chapters of the National Association of Insurance and Investment Advisors in Kalispell, Great Falls, Helena, and Billings; MSU Alumni in Bozeman, Billings, and Great Falls; and Governor's Conference on Aging in Helena.



Marsha Goetting

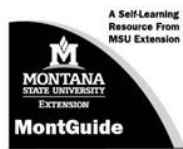
Noninsured Crop Disaster Assistance Program

<http://store.msuxextension.org/publications/AgandNaturalResources/MT201501AG.pdf>

Kate Fuller co-authored with **George Haynes**, **James B. Johnson** (DAEE Emeritus Faculty) and **Vincent Smith** on a new MontGuide titled "Noninsured Crop Disaster Assistance Program (NAP)."

NAP can be a useful tool for producers looking for coverage for crops that are otherwise uninsurable. NAP Buy-Up coverage is now available, which allows producers to purchase insurance coverage up to the 65% level.

This MontGuide provides an overview of different types of NAP coverage, as well as explanations of the NAP premium, fee, and payment calculations.



Kate Fuller

Board of Directors Federal Reserve Board

Marsha Goetting has started her second three year term on the Board of Directors of the Federal Reserve Bank of Minneapolis Branch Bank in Helena, MT.

MSU Extension Update cont'd.

Alzheimer's Working Group

Marsha Goetting has become a member of the Statewide Alzheimer's Work group in Helena.

This group is made up of 35 dedicated individuals who are writing a state plan for Montana.

Montana Research and Economic Development Initiative

Montana Research and Economic Development Initiative (Montana REDI) is a study that focuses on the "on-farm" research component to examine the cost benefit ratios of new technologies considered by producers in the context of the risk preferences of family-owned businesses.

The study utilizes individual "on-farm" interviews with producers to assist them with completing cost benefit analyses and to develop risk profiles for family-owned businesses.

This project is a collaborative effort among Drs. Mary Burrows, Colter Ellis, and **George Haynes** and is funded by the Montana REDI.



George Haynes

New and Upcoming Estate Planning MontGuides

A new MontGuide titled "*Montana Common Law Marriage and Estate Planning*" was completed in December 2014. To download the MontGuide, go to www.montana.edu/estateplanning and click on Estate Planning Publications.

Three more MontGuides are in the draft process:

1. *Transferring Montana Vehicle Titles After the Death of an Owner.*
Co-authors: Nancy Hargrove (Motor Vehicle Division-Dept. of Justice; Kendra Seilstad (Blaine



Marsha Goetting

- County Family & Consumer Science Agent)
2. *Livestock Brands-Important Components of Your Estate Plan*
Co-authors: Kristen Juras (School of

Law-University of Montana), Elin Kittlemann (MSU Fallon Carter Extension Agent), Keri Hayes (MSU Extension Publications Assistant)

3. *How to Transfer Real Property in a Joint Tenancy or in a Life Estate Without Probate*
Co-authors: Jackie Rumph (MSU Yellowstone County Family & Consumer Science Agent), Keri Hayes (MSU Extension Publications Assistant), Kendra Seilstad (Blaine County Extension Family & Consumer Science Agent).

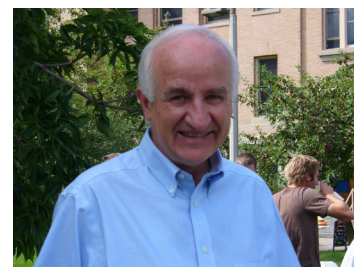
The Montana LAUNCH Project

George Haynes and **Lisa Curry** (DAEE Research Assistant) have received funding from the Montana Department of Public Health and Human Services and the Substance Abuse and Mental Health Services Administration for the Montana LAUNCH Project.

The Montana LAUNCH Project engages Montana's early childhood partners to improve systems and access to mental health services for young children and

families in our rural state while piloting evidence-based practices in Gallatin and Park Counties.

The study utilizes primary and secondary data collected from surveys of project leadership, childcare workers (including early childhood teachers and childcare providers), primary care physicians, mental health service providers (psychologists and psychiatrists), parents (and other consumers of early



George Haynes

childhood services), private foundations, government agencies, and others.

Awards and Accomplishments

Quality of Research Discovery Award

Joe Janzen and co-authors Pat Fishe of the University of Richmond and Aaron Smith of the University of California, Davis were awarded the Quality of Research Discovery Award by the European Association of Agricultural Economists for the paper "*Hedging and Speculative Trading in Agricultural Futures Markets*." This annual award will be presented at the triennial Congress of the Association in Parma, Italy in 2017 in a session specifically devoted to the Awards.

The paper, published in the *American Journal of Agricultural Economics* in 2014, studies the many types of

traders in agricultural futures markets and explores the implications of each group's beliefs about the value of the underlying commodity for price behavior.



Joe Janzen

The paper also provides theoretical and empirical evidence that trader groups have differing information about commodity values. These differences of opinion lead to positive correlation between trades and prices for some groups and negative correlation for others. In particular, hedge funds appear to trade aggressively on their information and show positive trade-price correlation. However, hedge fund trading activity does not appear to forecast future price changes.

Montana Office of Public Instruction Grant

Christiana Stoddard and **Carly Urban** received a grant of roughly \$250,000 to connect with the Montana Office of Public Instruction to better understand the interface between high school preparation and initial loan choices. Understanding how high school courses can affect initial loan amounts will give us a better perspective to accurately address student retention rates in college.

Epsilon Sigma Phi Alpha Team Award

George Haynes and **Kate Binzen Fuller** won the Epsilon Sigma Phi Alpha (Extension Honors Society) Team Award for their Farm Bill Producer Education efforts.

This past year, they partnered with the Farm Service Agency (FSA) and the USDA Risk Management Agency (RMA) to develop and present over 100 webinars and workshops to educate Montana agricultural producers regarding the options available under the Agriculture Act of 2014 (i.e., the 2014 Farm Bill).

The 2014 Farm Bill introduced major changes to many aspects of U.S. farm programs that had important implications for agricultural producers in Montana. Under

the provisions of the Bill, several long-standing farm programs that had been widely used by Montana farmers and ranchers were terminated or phased out, while several new programs were introduced. In particular, producers had to elect the Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) under the Farm Bill.

The decision of which program to elect is not easy given the complex rules and intricacies of the programs. Fuller and Haynes helped develop decision aids to help producers assess the production experience in their county and determine which farm programs to choose. They then hit the road to present educational workshops and webinars to

help producers use the decision tools to best manage their farms.



George Haynes



Kate Fuller

Awards and Accomplishments, cont'd.

Chair of the Agricultural Finance and Management (AFM) section of the Agricultural and Applied Economics Assoc.

Joe Janzen has been elected Chair of the Agricultural Finance and Management (AFM) section of the Agricultural and Applied Economics Association.

The AFM section brings together economists studying agricultural and applied finance, farm financial management, land economics, and other topics.



Joe Janzen

The section aims to communicate research findings to domestic and international audiences,

providing analysis of the financial performance of agricultural firms and to inform policy and regulatory designs that impact the profitability and sustainability of farms and agribusinesses.

Joe will serve a three year term as Chair-Elect, Chair, and Past-Chair from 2015-2018.

The Global Determination of Wheat

Joe Janzen was granted a cooperative agreement from the USDA Economic Research Service to study "The Global Price Determination for Wheat." This one-year project will assess the relative performance of world wheat price benchmarks, including US and European wheat futures prices.

Spencer Foundation Awarded \$35,000

Christiana Stoddard and **Carly Urban** received a \$35,000 from the Spencer Foundation to support their work to understand how information-based interventions can affect students' loan amount choices and academic behaviors.

Specifically, Stoddard and Urban investigate how "Know your debt letters" sent to Montana State University students with high debt levels can change students' choices of

future loan amounts, major choices, the number of credits completed, and major choices.

This research has since received national attention from Bloomberg News. [Click here](#) to see the story.



Chris Stoddard



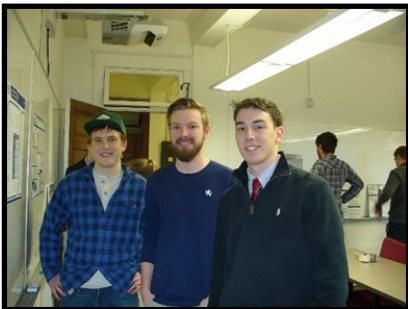
Carly Urban



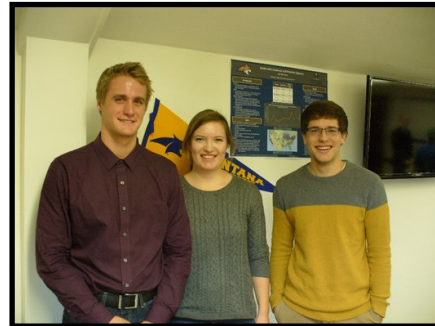
Student News

DAEE Research Celebration

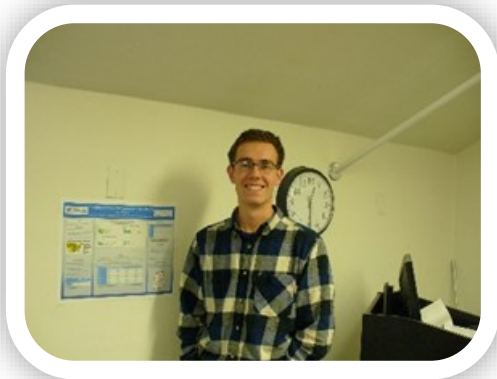
Dr. Urban's undergraduate econometrics students shared their research projects with DAEE faculty and staff during the last week of the semester. Research topics were wide-ranging, and included, "The impact of anti-discrimination laws on women's likelihood of marriage," "The Effects of College Athletic Success on Applications," "The Effect of Police Brutality Incidents on Rioting Crimes," and "Examining the impact of NIH grants on publication in top-tier journals." Great job students!



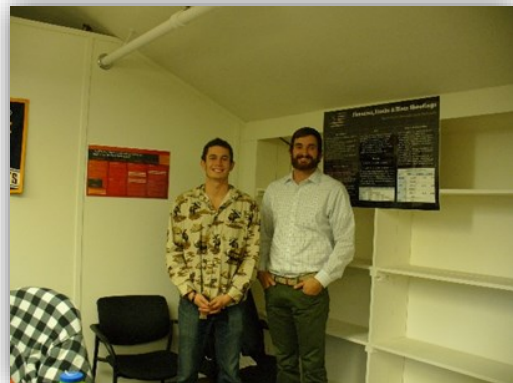
John Litaker, Ben Gill, and Jack Seeger



Conner Menninger, Annika Furnsinn, and
Jake Harmsen



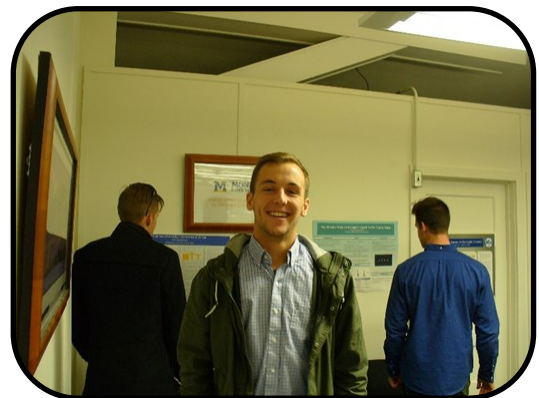
Riley Shearer



Michael Lewis and David Owen



Mitchell Schafhauser, KayCee Markle, and
Cassia Wagner



Alex Paterson

Student News, cont'd.

Congratulations Fall 2015 Graduates

Economics

Fall 2015

- Reed Brewer (Honors)
- Sarah Crooks (Honors)
- Ryan C. Davies (Honors)
- Ryan R. Davies (Honors)
- Sean Downey (Highest Honors)
- Kayla Gnerer
- Spencer Jenko
- David Lakowski
- Cole Mauch (Highest Honors)
- Shane McGrath Foster
- Sidney Parkhill
- Justin Petereit
- Dakota Prukop
- Erik Rupert (Highest Honors)
- Sina Sandholt (Highest Honors)
- Mitchell Schafhauser
- Wesley Turner (Honors)
- Francis Wendt
- Changmin Yoon

Agricultural Business

Fall 2015

- Felipe Acosta
- Thomas Acosta (Honors)
- Reed Brewer (Honors)
- Shelby Craig (Honors)
- Matthew Derosier
- Jayson Evenson
- Aria Michel
- John Weidenaar

Master's Students

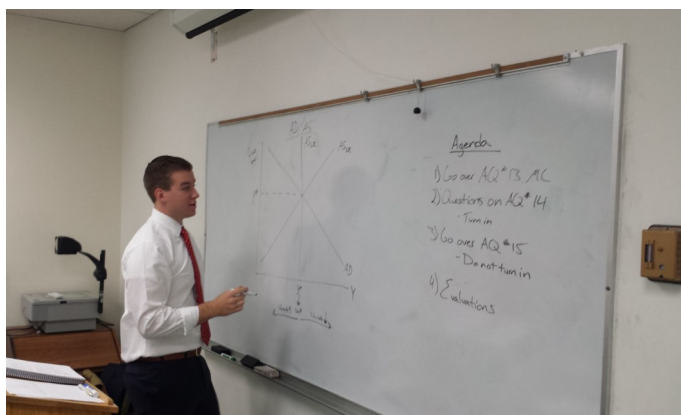
Jacqueline Haines, "The Effects of State-Level Anti-Discrimination Laws on Sex Segregation in the Workforce."
Chair: Wendy Stock

Amanda Vogstad, "Economic Determinants of the Variation in Average Carcass Weight for United States Slaughter Cattle."
Chair: Myles Watts

Student News, cont'd.

Fall 2015 Peer Leaders

The DAEE Peer Leadership program continues to successfully help students in ECNS 101 The Economic Way of Thinking and ECNS 202 Principles of Macroeconomics to understand key economic concepts via small group peer-led learning. Peer Leaders teach small, directed study classes for students in ECNS 101 or ECNS 202 who want additional practice applying economics concepts. Thank you to this fall's Peer Leaders for a great semester.



Jacob Ebersole presenting to his ECNS 206 Class

Fall 2015 Graduate Students

The DAEE welcomed a new cohort of graduate students to the "bull pen" (the shared office space for first-year graduate students in Linfield) this fall. DAEE M.S. graduate students take one full year of coursework, including two semesters of Advanced Econometrics, two semesters of Advanced Microeconomics, one semester of Advanced Macroeconomics, one semester of Quantitative Methods in Economics, and one semester of Research Methodology. Good luck students!



Savannah and Kadeem Noray



Madison Traucht and Maggie O'Donnell



Neil Silveus



Anja Gruber



Austin Butcher and Charles Fry

Student Spotlight

John Weidenaar

John is graduating this fall in Agricultural Business Management. During his time at MSU, John also played as an offensive lineman for the Bobcats football team.

What brought you to MSU?

The draw for me on the academic side of things was that MSU was the university in the state that had the Ag. College and offered the degree I was interested in: Ag. Business with a focus on Farm & Ranch Management. I was also fortunate to be drawn here to play for the MSU football team on the offensive line. The guys on the team were really the biggest draw for me because a lot of the guys I met and later came to be close friends with were Christians. That their influence and beliefs aligned with my own really drew me here to MSU.

What have you enjoyed most about your time at MSU?

I've enjoyed meeting and getting to know a network of people I wouldn't have been able to meet anywhere else. All the faculty here are awesome and the ones I was directly influenced by were Randy Rucker, Vince Smith, Gary Brester, Joe Atwood, Myles Watts, Eric Belasco, Mark Anderson, Joe Janzen, Anton Bekkerman, Greg Gilpin, and last but not least Jane Boyd. I understand this isn't the whole staff in the DAEE but these are the few I was fortunate enough to meet and take classes from (and spend quite a few hours on the homework they assigned). I've also enjoyed the friends I made in the classroom, many of whom had the same mindset and background I have.

What have you found most useful about studying economics/agricultural business?

The real world application. Economics is the science that studies how individuals, nations, and people make choices in regards to their needs. Coming from an agricultural background, understanding how and why markets flow and change is important. With my degree from the DAEE at MSU, I can take what I have learned back to my family's operation and hopefully improve and add value to what is already there.

What was your favorite class?

This is a hard one for me. My top two would be AGBE 451 & AGBE 345. If I have to pick one, I would say AGBE 451 (Sorry Dr. Atwood!). AGBE 451 was easily my hardest class because we learned many challenging concepts and it took me a lot of studying to understand. But at the end of it all I really enjoyed it. I think if I added up all the hours I spent studying at MSU, I would say probably a quarter of them were spent in AGBE 451. Thanks Dr. Rucker!

What are your post-graduation plans?

As of right now, I am planning on continuing to play football at the next level. If you don't know, there is no job security in a pro-career, so if that pursuit fails I plan on finding a job in the Ag Business community. After that I plan on ending up back on my family's farm in Churchill, MT.

What is your advice for incoming DAEE students?

I know its cliché, but I would advise incoming DAEE students to work hard in your classes and get to know your professors. Really they are pretty cool people. Despite their intimidating presence with how much they know, they really want to see you do well. Don't be afraid to ask them questions, even if it seems like the answer should be obvious. Go ask them, they are willing to help you. I should warn you, however, not to expect them to stick their neck out for you if you haven't been really applying yourself in class. College isn't a place to be lazy; you get out of it what you put into it. It's that simple. So my last bit of advice would be to just work hard because that's what it takes.



John Weidenaar as offensive lineman for the Bobcats football team

Student Spotlight

Sean Downey

Sean is graduating this fall with highest honors in Economics. During his time at MSU, Sean was very active as a Peer Leader for ECNS 206, Study of the Principles of Macroeconomics, where he helped introductory macroeconomics students learn the concepts of the Principles of Macroeconomics course.

What brought you to MSU?

I'm originally from Bozeman, and when I applied to college I wasn't sure of what I wanted to study. Montana State was the best financial option, so I chose to go here and give myself the opportunity to find myself without the financial pressure I'd face at more expensive schools.

What have you enjoyed most about your time at MSU?

One of my favorite things about MSU, and the Economics Department specifically, is how small the classes are. Once I started taking upper-level courses, I started having a similar schedule to other Economics students. Having friends in all of my classes, and being able to study and collaborate with them has really enhanced my college career.

What have you found most useful about studying economics/agricultural business?

It's weird, but I apply Economics to my everyday life. When deciding what to do on a Saturday night, I think about the marginal utility of each option—Netflix, Study or Sleep. I've also been able to apply skills I've learned in Economics to my Business, Law, and Political Science classes. Economics has been a great academic base for me.

What was your favorite class?

My favorite Economics class was Cost-Benefit Analysis with Dr. Mark Anderson. This was one of the last classes I had with many of the people I'd been studying with for the last two years, so everyone was comfortable and supportive of each other. I was also really happy with how my project on the Concealed Carry on Campus proposal came out.

What are your post-graduation plans?

I'm currently applying to law school. I hope to matriculate in the Fall of 2016.

What is your advice for incoming DAEE students?

Let the wave take you. If you work on developing your interests and yourself as a person, everything else will fall into place eventually. Pick classes, try activities, and join clubs that interest you, and you'll find positive and motivated people that will help drive you to succeed.



Sean Downey presenting his research

Alumni Spotlight

Paul Watson

When did you graduate from MSU and what was your major?

I graduated in 2010 with an Economics major and a Mathematics minor.

Where are you currently working and what is your current job? How did you get your job?

I recently accepted a commission as a Second Lieutenant in the United States Marine Corps. While awaiting the start of basic officer training, I am assisting the Officer Selection Team in Spokane to inform Montana's college students about career opportunities in the Marine Corps. After completing basic officer training, I hope to continue my career as an Infantry officer.

Prior to accepting my commission I worked as an analyst for Flathead Electric Cooperative in Kalispell, MT where I assisted with cost of service studies, retail rate design, energy forecasting, and regulatory compliance monitoring.

How are you using what you learned at MSU?

I admittedly would have rolled my eyes

had I read this prior to graduating but it's true; the most tangible benefit of my study in economics is the approach to problem solving it fostered and developed. I've yet to encounter a problem where the marginalist paradigm wasn't an asset in arriving at a solution. Whether estimating the impact of new technologies on residential energy consumption, or weighing my options when assaulting an objective during training, I've made frequent use of what I learned at MSU.

What advice would you give to students currently in the DAEE as they ponder their academic and career paths?

Take as many additional math, statistics and econometrics courses as possible. A strong command of quantitative economics opens many doors for advanced study and for jobs with increased responsibility. Also strive to be an effective communicator. Employers are looking for people who can not only perform a variety of analyses, but can also succinctly and intelligently present their findings to allow for action.



Paul Watson in the Undergraduate Econometrics class in 2010



Paul Watson after earning his commission in Marine Corps in 2015

Help Support Agricultural Economics & 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.



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