Farm Foundation

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Layout by David P. Ernstones, May 1999
Farm Foundation’s Mission

To improve the economic and social well-being of U.S. agriculture and rural people by helping private and public sector decision makers identify and understand forces that will shape the future.
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Today's decisions require critical choices which will impact the competitiveness of our agriculture, the viability of our production and marketing system, and the economic prospects for rural people and communities. They will also have significant implications for consumers as well as for the environment and natural resources upon which agriculture depends. Farm Foundation programs examine and evaluate these emerging issues.

New technologies, in particular, biotechnology, are driving major restructuring in the agricultural and food sectors. These technologies promise lower impact on the environment, improved productivity and foods which meet consumers' demands. They also offer opportunities for agriculture to expand participation in the health care market with products having enhanced nutritional and prevention characteristics. Further expansion into industrial processes is expected with crops acting as factories to produce key intermediate ingredients in a sustainable system. The research investments needed and the risk of potential payoffs of new technologies are significant. Patents designed to recoup these investments and the associated technology fees are changing the way business is done in agronomic crops. This changes public and private sector roles in research and development and challenges existing research, marketing and policy institutions.

Farm Foundations sponsors numerous activities to explore the critical issues facing producers, agribusiness, consumers, government agencies, universities and rural communities. Everyone involved needs to understand the economics of evolving agriculture and food production and marketing systems, the implications for the future structure of agriculture and the economic and social challenges to the fabric of rural American communities. Farm Foundation continues to facilitate not only the exploration of economic and policy implications as new technologies develop, but also the interaction across the range of institutions necessary to achieve a viable long-term outcome from the critical choices we make today.
Critical Issues

Agriculture faces critical issues for the future. Globalization of markets, concentration in the production and marketing sectors and changes in ways of doing business beyond the farm gate impact producers, processors and consumers. Some of these changes are driven by consolidation in the retail sector, concerns about food quality and safety, and desire to satisfy consumer demand for convenience and variety. The processing sector has increased vertical linkages to the production sector to help satisfy the retail needs of the market. The heart of Farm Foundation’s programming considers the major implications of these critical issues.

Several Farm Foundation projects during the past year have explored such large scale issues as global climate change, carbon sequestration to reduce the impact of global warming, and the potential impact on the agricultural sector. Other forward-looking activities have addressed biotechnology and its implications for the agricultural production and marketing system, food safety, and economics of future food production. Farm Foundation also focused on the changing roles of the public and private sectors in research and technology development and how information is created and made available to producers, consumers and the rural population.

This past year, Farm Foundation sponsored several forums to explore the implications of global markets for the future of U.S. agriculture in the areas of the Asian economic crisis, international trade issues including concerns regarding animal health, and policy issues in the produce industry. It also addressed concerns about land use, the impact of concentrated livestock production operations and implementation of the Food Quality Protection Act in domestic markets which will impact the competitiveness of U.S. agriculture in the global economy.

This report on Farm Foundation’s past year highlights a number of projects. Each supports one or more of our priority areas. Farm Foundation will continue to focus on these and other timely emerging issues that will shape the future of agriculture and rural Americans.
Farm Foundation is governed by a 29-member board of trustees, which represents the broad diversity of U.S. agriculture and its related institutions. The current members are:

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Steve A. Halbrook, *Secretary*

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Richard L. Gady  
Vice President of Public Affairs and Chief Economist  
ConAgra, Inc.  
Omaha, NE
Farm Foundation employs a small professional staff to carry out its programs. Current staff members are:

**Walter J. Armbruster**
Managing Director

**Steve A. Halbrook**
Associate Managing Director

**Toni Purves**
Administrative Assistant

**Sandy Young**
Administrative Assistant
Farm Foundation’s Strategic Plan and Priority Area Action Plans provide a guiding vision for our mission to improve the economic and social well-being of U.S. agriculture and rural people. This vision articulates the objectives of our founders in the context of the 21st Century. We implement it by helping private and public sector decision makers identify and understand forces that will shape the future.

Vision and Values. Our vision is to enhance Farm Foundation’s base as a widely recognized, objective and respected catalyst to increase the productivity and competitiveness of U.S. agriculture and improve the quality of life for rural people.

We pursue this vision by employing Farm Foundation’s special strength in promoting understanding of relationships between natural resources, human capital, technology, institutions, and society. The Foundation’s unique contributions are to stimulate economic and social sciences research on emerging topics, foster educational programs drawing on those research results, and encourage policy dialogue on the public and private sector issues involved.

Farm Foundation’s board believes that agriculture and rural people are important and integral elements of our national economy and social structure. Moreover, those who work in agriculture and live in rural America continually face significant challenges and changes. A profit-oriented market system relying upon individual honesty and integrity is the best means of making economic decisions. Government actions are appropriate to facilitate market operations, provide public goods, and allocate nonmarket resources. The development of human capital, technology, and institutions through education and research leads to improved decisions in the public and private sector and to long-term economic viability.

Program Strategy. Farm Foundation is an operating rather than a grant-making foundation and takes a proactive leadership role in helping to develop the projects it sponsors. Farm Foundation’s chief assets are its history as a catalyst, a reputation for objectivity, and the flexibility to respond to critical issues. Program efforts stimulate the research agenda, improve educational programming through extension and other outreach education, and sponsor forums to foster policy dialogue on important issues facing agriculture and rural people. The Foundation’s niche is its emphasis on economic and social science aspects of the issues. It provides risk funding to develop ideas that may generate additional support and frequently collaborates with cosponsors.
Farm Foundation acts as a catalyst to increase knowledge about agricultural and rural issues; apply that knowledge through education programs dealing with the challenges, issues and opportunities faced by agricultural and rural people; develop human capital; facilitate interaction about emerging issues among agribusiness and policy leaders, government officials, and the academic community; explore policy alternatives; and, facilitate communication about the issues and alternatives.

Farm Foundation’s strength as a catalyst is our emphasis on the long-term view. Linkages with agricultural economists and social scientists brings disciplinary knowledge to bear on our priority areas. Interaction of business and policy leaders, government officials, and educators allows them to explore strategies and policy options. The results provide a solid basis for informed private and public sector decisions.

Foundation management provides proactive leadership to develop national and regional conferences, workshops, and meetings organized to encourage new research and education programs, develop human capital, and foster policy dialogue. Farm Foundation stimulates the formation of coalitions focusing on specific rural and agricultural projects. It serves as a liaison to communicate with agricultural, agribusiness, academic, and related groups on private and public sector policy issues that impact agriculture and rural people. Farm Foundation supports human capital development to better prepare those working with agriculture and rural people to be effective leaders, communicators, and spokespersons on important policy issues. It seeks innovative approaches to bringing about positive impacts on the priority areas identified.

Program Objectives. To improve the quality of private and public sector decisions, Farm Foundation:

- Identifies the forces of change that will shape the future;
- Stimulates research and education that increase human capital, and build a body of knowledge on the forces of change and on the issues evolving from them;
- Fosters informed dialogue to increase understanding of opposing views and move toward consensus on important public issues and policies; and
- Builds networks that enable improved economic and human capital development for U.S. agriculture and rural people.

Each Farm Foundation project is designed to address one or more of these objectives.

Priority Areas. The following key priority areas help focus Farm Foundation programs to assist agricultural and rural leadership in meeting the challenges they face:

- Globalization
- Environmental and Natural Resource Issues
- New Technologies
- Consumer Issues
- Role of Agricultural Institutions
- Rural Community Viability

Specific program objectives for each of these Priority Areas are discussed in the following pages.

For more detailed descriptions of individual projects, see Farm Foundation’s Internet home page (http://www.farmfoundation.org).
Agriculture around the world is adapting rapidly to the new realities of international trade. The growing but volatile global markets for agricultural commodities and food products are changing the structure and linkages among farms and ranches, agribusiness and rural communities. This year Farm Foundation programs have focused on four objectives:

- Impact of food trade on economic growth
- Benefits and costs of trade for agriculture
- Impact of foreign and multinational institutions on agricultural trade
- Understanding changes in the global food system

**Impact of Food Trade on Economic Growth.** Technological and structural change is sweeping the transportation industry with profound impact on agricultural/food trade. Farm Foundation joined USDA’s Economic Research Service and World Perspectives, Inc., to hold a workshop to raise awareness of these changes within the government and academic research communities and help shape a research agenda that will develop useful knowledge for public and private decision makers. The workshop summary will provide insights into changes in the transportation sector and how they impact agriculture and rural America.

**Benefits and Costs of Trade for Agriculture.** The linkages between poverty, agricultural and economic development, and environmental concerns are critical as we look for ways to increase agricultural productivity in developing countries. Farm Foundation recently joined AAEA, IFPRI, the World Bank and others to cosponsor a workshop focused on the trade-offs and complementarities in achieving agricultural development, poverty alleviation, and environmental/conservation objectives in low-income countries. The workshop attracted 80 social scientists from the U.S. and around the world to discuss cross-country comparisons, lessons learned from alternative modeling and methodological approaches to economic development and key institutional issues such as property rights. A proceedings volume is being prepared and several papers have been posted to the Internet.

While international trade in livestock and animal products has increased in recent years, so have non-tariff trade barriers linked to human and animal health concerns. Recently, Farm Foundation and the Livestock Conservation Institute (LCI) sponsored a national conference on animal health and trade in conjunction with LCI’s annual meeting. Over 200 animal health experts participated. Speakers included animal health

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Thank you for your support of the student scholarships that allowed me to attend the International Agribusiness Management Association meeting in Punta Del Este, Uruguay. Attending the conference allowed me to critically analyze the most recent developments in academic thinking as well as changes in the business environment. Meeting with the senior management of agribusiness firms is a valuable contribution to my education and to a better understanding of the supply chain.

Rocco V. Cappella  
Santa Clara University
specialists, trade negotiators and economists. The conference stressed the importance of trade to the future of the U.S. livestock sector and the rural communities dependent on that industry. Topics included trends in international trade of livestock and animal products, current trade disputes, and structural changes in the industry. A follow-up survey of participants is planned for later this year.

**Impact of Foreign and Multinational Institutions on Agricultural Trade.** The North American Free Trade Agreement (NAFTA) has changed the institutional framework for agricultural trade across the continent. Farm Foundation has sponsored a series of five workshops on various aspects of agricultural trade in North America.

The fourth workshop, held in April 1998, focused on the grain and livestock sectors in North America. The fifth workshop was held in March 1999 in Acapulco, Mexico, on harmonization of agricultural/food trade in North America. The proceedings of the first four workshops have been printed and widely distributed to public and private decision makers. They have been well received because of the breadth and depth of the analysis, and have become important references for policy makers. The proceedings of the fifth workshop will be completed later this year. Farm Foundation cosponsored the Second Pacific Food Outlook conference in May 1998 in Taiwan, and the third one this April in Tokyo. The proceedings volume of the Taiwan conference, distributed just prior to the APEC summit in Malaysia, in November 1998, contained a special section focused specifically on the Asian financial crisis and its implications. In addition, the initial section of each country report addressed the implications of the financial crisis. We drew on this work to help organize the January 1999 Round Table program. The timeliness of these conferences and reports illustrates the value of developing comprehensive programs to bring together analysis and information useful to public and private sector decision makers on topics of emerging importance. The data and analysis compiled in each Pacific Food Outlook is a particularly valuable resource in the ongoing dialogue on policies affecting Pacific Rim trade.

**Understanding Changes in the Global Food System.** Farm Foundation-funded student travel scholarships to the annual meeting of the International Food and Agribusiness Management Association (IAMA) have helped many young professionals prepare to enter the agribusiness workforce. What began with a modest Farm Foundation contribution seven years ago has grown into a $40,000 program funded by a variety of foundations and agribusiness firms. Several former Farm Foundation trustees have provided leadership to IAMA in recent years. Each year we receive testimonials about the value of this program such as the one from Rocco V. Cappalla on the previous page.

The Farm Foundation funded seven scholarships to allow U.S. agribusiness graduate students to participate in a conference on international food systems held December 16-18, 1998, in England. This conference focused on many forces of change in agriculture, such as new technologies, quality assurance, trade and linkages in the food chain from a global perspective. The students will be better prepared to work in the global food system.
Land use, water quantity and quality, global climate change, and animal waste management are the center of the many real and perceived conflicts between agriculture and environmental quality. This year, Farm Foundation has focused its environmental and natural resource programs on four objectives:

- Property rights and society
- Public and private rights related to water, air and soil
- Agriculture and environmental quality
- Alternative approaches to regulation of resource use

Property rights and society. Land use issues, particularly conflicts at the rural-suburban fringe, have been the focus of several Farm Foundation programs. Starting in 1997, Farm Foundation organized a task force of social scientists to study these issues and develop educational materials to help policy makers make more informed decisions. The task force is working with the Kettering Foundation to produce a National Issues Forum book on land use. Members of the task force organized a major research and educational symposium on farmland preservation programs across the country to clarify the results of existing programs and set an agenda for future research on the impact of farmland preservation efforts. The proceedings of the symposium will be available soon. Another symposium was held in Florida to examine rural-urban conflicts in a high growth environment. Symposium organizers are writing a policy prospectus to help local decision makers deal with growth-related issues.

In August 1998, Farm Foundation sponsored a workshop on the role of property rights in a market economy. The Western Extension Public Policy Education Committee is developing a series of pamphlets on property rights based in part on the presentations made at this workshop. These pamphlets will be used in community-based educational programs on property rights.

Public and private rights related to water, air and soil. The management and use of publicly-owned land and related resources have been a source of controversy for many years in the American West. Many different federal agencies (Bureau of Land Management, U.S. Park Service, U.S. Forest Service, U.S. Fish and Wildlife Service, etc.) manage these lands. The economists who work for these agencies rarely get a chance to interact with their colleagues in other agencies, academia and the business community to explore professional and business developments that could improve the management of these land resources. Last August, Farm Foundation cosponsored a workshop targeted to employees of these agencies to give them an opportunity to interact with their peers in academia and the business community. This first effort to encourage this type of professional dialogue was well
received and follow-up interaction among participants is building on that experience.

_**Agriculture and environmental quality.**_ The relationship between production agriculture and environmental quality is complex. Some people advocate organic farming systems as a way to harmonize agriculture and the environment, but little is known about the long-term implications of organic systems. Farm Foundation recently worked with USDA’s Economic Research Service (ERS) to plan and conduct a workshop to help ERS develop a long-term research agenda on organic farming systems. When completed, this research will provide a base of knowledge that can be used by public and private decision makers interested in organic farming.

Farm Foundation continued its support of Project Food, Land and People (FLP) during this past year. FLP has developed curriculum materials to communicate the relationship between agriculture, environmental concerns and people. These materials are now approved for use in public school classrooms in several states. FLP also is working to establish an international educational center at the San Francisco Presidio park for the environment. Several Farm Foundation trustees have worked with FLP over the years.

*Alternative approaches to regulation of resource use.* Confined animal feeding operations and global climate change are two of the most controversial issues facing production agriculture today. Federal, state and local government units are looking to regulate large scale confined animal feeding operations to protect water and air quality. Governments around the world are responding to the Kyoto Protocol to mitigate greenhouse-gas emissions. During the past year, Farm Foundation addressed both of these issues with activities designed to examine alternative regulatory approaches to resource use.

A task force convened by Farm Foundation has developed a national database on government regulation of animal agriculture. This database is accessible on the Internet by public and private decision makers who must deal with this issue. This effort has been supported and praised by several government agencies. Follow-up activities will include a symposium on successful educational programs on confined animal agriculture issues this fall.

Farm Foundation has worked with USDA, EPA and the University of California-Berkeley to explore the implications of global warming for U.S. agriculture. The first workshop focused on what we know about global warming and the potential impacts of climate shifts on agricultural production. The second workshop examined the issue of carbon sequestration as a strategy to mitigate the impacts of global warming and agriculture’s role in carbon sequestration. Videos of these workshops have been prepared for use in industry forums.

Farm Foundation staff and trustees also participated with USDA in an effort to assess the impact of global warming on the agricultural sector of the economy. A final report is due next January.
The first generation of agricultural products from the biotechnology revolution are now staples in the marketplace. The second generation is on the horizon. Computers, satellites, sensing devices and other information technologies are integral to agricultural production, processing and marketing. Every segment of production agriculture, agribusiness, and rural communities has been profoundly affected by new and evolving technologies. This year, Farm Foundation programs have focused on two objectives:

- Economic and social benefits and costs of new technologies
- Privatization and internationalization of agricultural research and development

Economic and social benefits and costs of new technologies. The first international conference on geospatial information in agriculture was held June 1-3, 1998, in Orlando, Florida. Almost 700 people from 28 countries participated in this event which Farm Foundation helped to plan and cosponsored with numerous private companies and public agencies. Participants discussed government perspectives on precision agriculture, using geospatial systems to map biodiversity, and use of this technology by commercial producers, family farms, and agribusiness. Demonstrations and exhibits on new robotic technologies and crop stress detection technologies were available throughout the conference. Additional information about this conference and the second conference to be held in early 2000 is available on the conference web site; [http://www.erim-int.com/CONF/ag.html](http://www.erim-int.com/CONF/ag.html).

The role of biotechnology continues to generate controversy within agriculture and among policy makers and consumers. Farm Foundation joined the Council for Agricultural Science and Technology to sponsor a series of briefings on biotechnology in Washington, D.C. Personnel from consumer and trade magazines, wire services, the Voice of America, and the United States Information Agency attended one at the National Press Club. About 60 people attended a biotechnology breakfast for embassy, industry, federal agency, and association personnel and about 30 Congressional staff attended a similar briefing at the Capitol. The briefings contributed to greater understanding of the potential of biotechnology in the U.S. and other countries by journalists, congressional staff, and embassy personnel. Health and safety concerns were addressed in the question and answer periods.

Extension economists have long published studies to help farmers understand and calculate the total cost of purchasing and operating farm machinery. Recently, Farm Foundation funded an effort to develop a common methodology for calculating farm machinery costs. This common methodology will be used to develop a fact sheet to provide farmers with straightforward ways to analyze equipment purchases and leases. While neither farm machinery nor the decision making tools developed by this activity are “new” technologies, the work of this group will provide farmers and other potential purchasers of farm equipment with
The time lag between academic research discovery and practical business application has been reduced by information technology. For several years, Farm Foundation has worked with a group of reference librarians who work as technology specialists in departments of agricultural economics in North America. With Farm Foundation assistance, members of this group developed *Ag Econ Search*, an Internet site for working papers of agricultural economists. For the first time, business economists and managers have direct access to cutting edge economics research findings on current issues. Today, over 1,000 papers are posted to the site and it has been accessed over 30,000 times.

Farm Foundation is working with the Future Farmers of America to develop a set of instructional materials for use in vocational agricultural courses in secondary schools that will (1) help students understand how technology, science and agriculture are interrelated, (2) comprehend the scope of contemporary and emerging technologies and their potential impacts, and (3) select the appropriate new technology to solve agriculture-based problems. Farm Foundation provides financial support for this project and participates on the project’s National Advisory Task Force.

Privatization and internationalization of agricultural research and development. The transition to electronic publishing of many government data sets and analyses has reduced costs and made this material available to users in an inexpensive, easily accessible form. However, there has been no comprehensive strategy to store and preserve these data and analyses for the long term. Farm Foundation participated in an effort organized by the Albert Mann Library at Cornell University to develop an action plan for the long-term preservation of USDA materials published in electronic form. The deliberations of a March 1997 workshop of reference librarians and data users formed the basis for an action plan for the preservation of permanent public access to digital USDA publications. The plan has been adopted by USDA and Farm Foundation is participating in a department-wide advisory committee to guide the implementation of the plan. The biotechnology revolution in agriculture is producing crops with unique characteristics. Sometimes these crops must be segregated from other commodities so the customer knows that the crop’s identity has been preserved. This need to preserve identity is putting stress on an agricultural marketing system designed to process bulk commodities. Farm Foundation and the University of Missouri sponsored a conference to examine the economics of handling and processing identity preserved crops. A group of agricultural economists shared some early research while processors contrasted their experiences with the research results. The 70 industry, academic and government people in attendance gave the conference high evaluations. A conference summary will be published later this year.

By attending the last two AERO [Agricultural Economics Reference Organization] conferences, I have developed... professional contacts with other AERO members who from time to time come to my rescue and assist me in performing my duties at MSU. This benefits not only the graduate students and professors in the College of Agriculture, but also ordinary citizens of Mississippi when they turn to us for assistance. Again, thank you for supporting AERO and its members.

Dave Sites
Mississippi State University
Consumer preferences and choices are changing the food production, processing and distribution system around the world. Consumer tastes determine what foods are produced, how they are processed, and where and how they are sold. Farm Foundation programs seek to understand the impacts of these preferences on the food system and the individuals and businesses that are a part of that system. This year, Farm Foundation programs have focused on three objectives:

- Food safety regulation
- Consumption habits
- Welfare reform

**Food safety regulation.** Farm Foundation, the University of Massachusetts, the University of Connecticut, and the University of Illinois cosponsored a conference for over 130 participants on the economics of the HACCP system of food safety regulation. Potentially large economic impacts in both the public and private sectors require that good estimates and science be used in determining interventions to control pathogens. Predictive models are needed to be able to link contamination levels and illness incidents. Research was presented on new approaches to evaluating the costs and benefits of HACCP in food industries, including choosing cost-effective points of intervention, managing risks and transactions in the food chain, and applying HACCP to food retailing. In addition to firm and industry-level studies, new research on the distribution of costs and benefits from HACCP was presented.

Decision makers’ summaries of each of the papers presented in the conference are available on the NE-165 web page at http://www.umass.edu/ne165/.

Farm Foundation and two USDA agencies provided funding for a series of three workshops organized by the Livestock Conservation Institute on food safety issues related to animal production. These workshops were initiated because of concern that implementation of HACCP rules in animal slaughter plants might have significant implications for animal producers. The target audience was animal producers, marketers, transporters, and information multipliers such as veterinarians and members of the media. The 137 attendees gave the workshops high marks, with 75 percent of attendees very satisfied. A 20-page summary publication was produced and distributed to over 5,000 professionals in the food animal production community. This report also is available via the Internet.

Farm Foundation partnered with the Council for Agricultural Science and Technology, the International Society of Regulatory Toxicology and Pharmacology, and the American Bar Association to sponsor a workshop on the implementation of the Food Quality Protection Act. This event...
The workshops [Surviving in a HAACP World] were useful and effective steps toward making food safety in this country a seamless system wherein customer and consumer satisfaction and well-being are clearly the driving considerations of meat, milk and egg production.

Lester Crawford  
Center for Food and Nutrition Policy  
Georgetown University Public Policy Institute

surfaced concerns from different areas of expertise on issues regarding the quality and availability of good data on which to base decisions, the practicality of achieving virtually no risk, and the importance of placing risks in real life perspectives. Concerns about the impact of the transition process were also discussed. Without this type of exchange, policy and regulatory decisions run the risk of implementation without a foundation of proven and sound science. This workshop was deemed timely by the participants and critical to reasonable decision making.

Consumption habits. Farm Foundation joined USDA’s Economic Research Service to hold a conference to examine the confluence of forces acting upon U.S. food and nutrition policy in attaining two broad objectives: (1) achieving patterns of intake that conform to the National Dietary Guidelines, and (2) sustaining competitive and efficient domestic food and agricultural sectors, including farming and food processing and retailing, that provide a safe and affordable food supply. These goals are motivated by the desire to promote the best achievable health for the U.S. population. They are more attainable today than ever before because of two ongoing revolutions: (1) how we “think and do biology,” and (2) the content and management of health care. Conference speakers included: economists, physicians, nutritionists, dietitians, agronomists, and government policy officials. This forum allowed researchers and policy makers to: (1) identify research priorities; (2) plan for meeting the information needs of consumers, food retailers, processors, and producers in roles that influence dietary changes; (3) review their interests in decision-making processes; and (4) assist in the evaluation of diverse and possibly conflicting food and nutrition policy objectives.

Welfare reform. Farm Foundation is providing partial funding for a Southern Rural Development Center (SRDC) project to develop and distribute concise information briefs on different aspects of welfare reform in the South. They focus on real life issues faced by welfare recipients, and local and state policy makers as welfare reform is implemented in the South. Topics covered include cost of living and earnings in the South, transportation issues related to welfare reform, electronic transfer of welfare benefits, and counting cases-defining success in welfare reform. Over 10,000 copies of these publications have been distributed to local community leaders, teachers and the public. All issues are available through the SRDC web site (http://ext.msstate.edu/srdc/) which is recording about 1,000 hits per month on these publications.
As agriculture changes to take advantage of new technologies and the emerging global economy, so must those institutions, public and private, that serve agriculture and rural communities. Yesterday’s institutions may not be able to respond to tomorrow’s problems. This year, Farm Foundation programs have focused on three objectives:

- New institutional arrangements
- The role of the public sector
- Private sector institutions

**New institutional arrangements.** In 1997, Drake University Law School launched a new law journal dedicated to issues of agricultural law. This journal fills a critical niche for publication of scholarship dedicated to the legal issues of agriculture. The failure of a commercial journal in the 1980’s had left this important field of scholarship without a dedicated publication vehicle. In addition, this journal provides rural legal practitioners with current information and thinking on issues they face every day. Farm Foundation provided financial support over a two-year period to help launch the journal and establish its subscription list.

Farm Foundation and the W.K. Kellogg Foundation partnered with the Western Agricultural Economics Association to hold a conference targeted to agricultural economists who had just entered the profession, to help these young professionals develop a career strategy for their professional development. The conference allowed them to interact with successful, experienced economists and stakeholders who use economic analysis. Round Table member Dan Dooley talked about how stakeholders utilize products of economic research, and one participant found his ideas particularly meaningful (see box on the next page).

Exposure of young professionals to stakeholder concerns is critical to the future of the agricultural economics profession and to the agricultural community.

For many years, extension economists have felt that the American Agricultural Economics Association (AAEA) did not provide services sufficiently relevant to their work. In 1998, AAEA opened its organizational structure to allow the formation of special interest groups or sections within the organization. Farm Foundation worked with extension economists from across the country to help establish the Extension Section within AAEA. In its first year, this group has grown to over 300 dues paying members and is in the process of electing its first officers. The section has organized numerous sessions for the 1999 AAEA annual meeting and seems to be gathering momentum to create new ways to serve the extension economics community.

The support of Farm Foundation was the key to being able to have this program [Agricultural History Symposium].

John E. Lee, Jr.
Mississippi State University
New technologies and social infrastructure changes have accelerated the continuing evolution of land grant universities in the last decade. An effective response to this evolution requires an emphasis on multidisciplinary cooperation, relevance, and fiscal and social accountability. A symposium was held at Clemson University in February of 1999 to explore new models of university action to help university faculty and leadership through this transition. Initial evaluations by participants were very positive. This symposium was funded in part by Farm Foundation and ties into the CAST-W.K. Kellogg Foundation-Farm Foundation Conversations on Change project that was initiated in 1995.

**Private sector institutions.** Farmer-owned cooperatives are facing several challenges as they position themselves to serve a changing agriculture. Over 160 cooperative leaders, government officials and academic specialists gathered in Minneapolis, November 2-3, 1998, to examine the future of farmer cooperatives. Conference speakers addressed diverse topics including the impact of industrialization and globalization on cooperatives, adding producer value in an industrialized environment, meeting diverse producer needs, financial market innovations, and doing business in a world with declining government support for agriculture. The conference was received with enthusiasm. Several Farm Foundation Trustees and Round Table members participated in the event. Participant evaluations will be used to develop a research agenda on topics important to the future of cooperatives. A follow-up event is planned for November 1999.

The role of the public sector. Technology, budget concerns, and stakeholder demands for greater accountability are changing the culture of agricultural research and education. Institutional structures for agricultural research and education are encouraging movement away from a strategy of competition for resources to greater collaboration, cooperation and coordination, including substantial stakeholder involvement. This transition is not easy. Farm Foundation, the Council on Food, Agricultural and Resource Economics and USDA’s Cooperative State Research, Education and Extension Service sponsored a conference to provide a forum in which key decision makers from Washington and around the country could discuss issues and experiences of partnering in agricultural research and education across multiple disciplines, functions and regions, and through public/private initiatives. A decision makers summary was published in early 1999.

Anonymous participant comment: Professional and Personal Success in Agricultural Economics Conference
The economic and social relationships between agriculture and rural communities are changing. Local leaders face critical decisions as their communities adapt to the industrialization of agriculture, information age technologies and demographic changes. This year, Farm Foundation programs have focused on four objectives:

- Improved dialogue among rural interest groups
- Characteristics of rural places
- Delivery of essential services
- Links between agriculture and rural communities

Improved dialogue among rural interest groups. Many factors are changing the labor market in production agriculture and agricultural processing. While migrant/immigrant labor has been a factor in fruit, vegetable and specialty crop production for years, a lack of a sufficient native labor pool in many rural communities where large processing operations have located has created a demand for a permanent immigrant labor force, changing the demographics and character of these communities. Over the past few years, Farm Foundation has worked with Dr. Phil Martin, University of California-Davis, to organize forums on how businesses and communities cope with a changing work force and community population. These conferences have taken place in several communities in California, Iowa, Washington and Delaware. In addition, Dr. Martin has organized programs on this topic for two National Public Policy Education Conferences and for the Round Table in January 1998. These events generated extraordinary discussion among participants, including local and state policy leaders. Participants have been featured in national TV news program segments on this topic, and have generated numerous print media articles.

Characteristics of rural places. Few resources are devoted to developing robust and accurate data regarding rural communities. Farm Foundation provided travel support for a small group of economists to organize two workshops on rural data needs. The planning group has worked this past year to organize a workshop to be held this August in conjunction with the AAEA annual meeting. This workshop will (1) frame rural issues of current and future importance, (2) assess current theories, methodologies and data requirements to address these issues, (3) identify current data sources and data gaps, and (4) discuss constraints on the use of current data. A second workshop scheduled for late 1999 will bring together all public and private agencies that collect data on rural communities to improve coordination of data collection, dissemination and preservation.

Farm Foundation is partnering with several other nonprofit organizations and academic leaders to produce the millennial edition of *Historical Statistics of the United States*. The last edition of the publication was in 1976. The objective is to create consistent, long, comprehensive, and relevant historical data that can be used to better understand past changes in U.S. agriculture and rural com-
munities, see where we are today, and make realistic and knowledgeable projections about the future. The publication will be made available in print and CD-ROM formats in late 1999.

There continues to be significant expressions of concern that too much open space is being allocated to urban uses or otherwise developed, and that important amenities that are provided by rural landscapes are being lost. Placing a monetary value on these landscape amenities is difficult, in part because of their public benefit nature. Farm Foundation is partnering with USDA’s Economic Research Service to help build a body of reliable information on this topic for private and public sector decision makers. An initial workshop reviewed existing work on this topic, examined methodologies that could be used to value landscape amenities and established priorities for future research. Additional activities involving broader audiences of decision makers are planned.

**Delivery of essential services.**

The National Association for Rural Mental Health published a 20th anniversary edition of *Rural Community Mental Health* this year. Over the last 20 years, this publication has become an important communications vehicle on a variety of rural mental health issues, including the delivery of mental health services in rural communities.

Farm Foundation is the chief sponsor of this anniversary publication which contains the pathbreaking articles published over the past 20 years. It will become an important reference volume for mental health practitioners, rural policy makers and the public, and will be made available on the Internet. Farm Foundation plans to support this Internet site for two years so it can establish a track record of supplying valuable information to rural mental health practitioners.

**Links between agriculture and rural communities.** Traditionally, the South has lagged behind the rest of the country in economic activity measured by poverty and unemployment. In the recent years of economic expansion, employment in the rural South has grown faster than the national average. Even in this period of prosperity, two things concern economists and social scientists who study the region. Much of the job growth has been in the manufacturing sector which is vulnerable to global competition, and there are pockets of persistent poverty that have not benefitted from the recent economic expansion.

Farm Foundation partnered with the Southern Rural Development Center, TVA Rural Studies Division, and USDA’s Economic Research Service to sponsor a conference on the demand for labor in the rural South. Researchers from several disciplines exchanged ideas and developed a research agenda to produce information that can be used by public and private decision makers to address the issues of persistent poverty in the rural South and the region’s dependence on low-wage manufacturing jobs. A proceedings and communications plan are being developed.
Leadership and communications are key elements of Farm Foundation’s commitment to improve the economic and social well-being of U.S. agriculture and rural people. Programs to encourage leadership development and enhance communications about agriculture and rural issues cut across all program priority areas. This year, Farm Foundation funded three types of leadership and communications programs.

- Awards to outstanding leaders
- Financial assistance to emerging extension leaders
- Direct participation with groups of agricultural leaders

**Awards to outstanding leaders.** The George Washington Carver Public Service Hall of Fame Award is given annually to individuals affiliated with an 1890 land grant institution or who have worked with 1890 institutions over a career and who exemplify the public service philosophy and leadership qualities of Dr. Carver. Farm Foundation sponsors these annual awards to recognize distinguished service and to inspire others to follow the examples of Carver and these recipients in their career choices. The 1998 recipients were Pearlie S. Reed, Chief of USDA’s Natural Resources Conservation Service, and Mrs. Jimmie Lee Edwards, long-time employee of the Cooperative Extension Program at the University of Arkansas-Pine Bluff.

**Financial assistance to emerging leaders.** For many years, Farm Foundation has provided fellowships for extension professionals who are pursuing graduate training. This program helps increase the competence of extension leadership by opening training opportunities to a group of potential leaders. Many previous recipients are in prominent leadership positions in land grant universities and related institutions. We periodically receive communications from them expressing appreciation for Farm Foundation support at a critical juncture in their professional development (see boxes).

I would like to convey my appreciation to you and the board members... The financial support provided by Farm Foundation has helped me come closer to accomplishing my goal of completing my M.S. degree in the Department of Human Development and Family Studies. I know that I will be able to put my new skills to work to benefit the people of Alabama through my work with the Alabama Cooperative Extension System.

Sondra M. Parmer
Alabama Cooperative Extension System

**Direct participation with groups of agricultural leaders.** Several organizations work to increase public understanding about agriculture and the food system. During the past year, Farm Foundation has organized an effort to increase understanding among these organizations of each other’s goals, program thrusts, and operating style; identify areas of commonality where collaboration is advantageous; and develop a well-articulated, brief but comprehensive, description of their programs, their respective roles, and how they complement each other. This group has met three times and developed a brochure to be used with potential funders to explain how these pro-

The Grizzly Mountain Forest Land Use Simulation game uses interest groups to approach land use issues over a 25-year period. Through targeted goals and objectives, participants learn foundation principals in leadership, water, air, forestry, range, soil, recreation and land use planning sciences. Building on these foundations, learners embrace perspectives of different interest groups in a dynamic decision making model. Debate, compromise and consensus building skills are emphasized. Without the fellowship and time to work on the project, it would not have come together... Please extend a big thanks to Farm Foundation.

Kevin M. Laughlin
University of Idaho
Farm Foundation's program goes beyond project funding. Staff participation in many of the Foundation-sponsored activities is a hallmark of our program. In addition, the staff provides leadership for professional, agricultural and educational organizations which allows Farm Foundation to extend our program objectives through the activities of the organization.

Over the past two years, Walt Armbruster has served as president of two leading agricultural professional organizations, the American Agricultural Law Association (AALA) and the American Agricultural Economics Association (AAEA). He worked with these organizations to examine the changing agriculture they serve and to find ways to better utilize their organizational and professional expertise to address critical issues facing U.S. agriculture and rural communities. He has particularly encouraged AAEA members to utilize their professional expertise to address issues in a way that can make a difference to public and private sector decision makers.

This year, Foundation staff provided significant leadership to the following program activities among others: chaired the Coordinating Committee on Agricultural Literacy Education; helped lead the National Public Policy Education Committee Task Force on Land Use in the Rural-Urban Fringe; served on the Council on Food, Agricultural and Resource Economics; chaired the steering committee for the W.K. Kellog Foundation grant project, “Food, Agricultural and Resource Economics in the 21st Century”; participated on the executive committee for the Food and Agricultural Marketing Consortium; and coordinated the planning committee for the 1998 National Public Policy Education Conference.

Foundation staff also played a significant role in other sponsored activities including: Scientific Societies - Conversations on Change Workshop; the Canada/Mexico/United States Trade Disputes Workshops; Project Food, Land and People; and Symposium on Cooperative Growth and Development.

Farm Foundation staff served as officers or directors of other organizations whose goals and programs support Farm Foundation's mission, including: National Farm-City Council, Inc.; International Association of Agricultural Economists; Fund for the International Conference of Agricultural Economists; National Policy Association's Food and Agriculture Committee; FFA Farm Business Management Contest Committee; North Central Regional Center for Rural Development; Southern Rural Development Center; Chicago Agricultural Economist's Club; and University of Maryland-Eastern Shore Agribusiness Advisory Board.

Staff also furthered Farm Foundation objectives by participating on the following boards and committees: NEC-63 Executive Committee; Advisory Board, College of Agriculture, Forestry and Life Sciences, Clemson University; Editorial Advisory Board, Society and Natural Resources: An International Journal; American Farm Bureau Federation’s Distinguished Service Award Committee; Project Food, Land and People Advisory Board; National Institute for Commodity Promotion Research & Evaluation Steering Committee; Board of Directors, North American Chapter, International Food and Agribusiness Management Association.
Farm Foundation’s Bennett Agricultural Round Table is an invitational group of agricultural and agribusiness leaders. The current 130 members represent a wide range of commodity and business interests from across the nation. The Round Table meets twice yearly to provide a forum for discussion and interaction among members and invited agribusiness, agricultural, government, academic, and other interest group leaders.

The Round Table is an integral part of Farm Foundation’s broader program. Each meeting focuses on an issue of importance to agriculture and rural people. Other Foundation projects and activities are highlighted in Round Table meetings and the discussions during the meetings generate many new programming ideas. Round Table member financial contributions support all Farm Foundation programs.

The June 1998 program in Omaha, Nebraska, focused on the industrialization and changing organization of agriculture. Presentations covered the impact of biotechnology on industry restructuring, logistics and the changing structure of agriculture, the role of the professional farm manager in the new agriculture, relationships between integrators and producers, and the performance criteria for contract production in agriculture. Producer panel reactions to these presentations sparked lively dialogue about the future of farm firms, agribusiness and rural communities.

In January 1999, the Round Table met in Hawaii to examine the impact of the Asian financial crisis on U.S. agriculture. Speakers from Hong Kong, Indonesia, Singapore and the U.S. reviewed the general economic outlook for Asia and the prospects for U.S. agricultural and food trade within the region.

Tours of regional agriculture have become an integral part of these meetings. The Omaha tour examined agricultural transportation and processing facilities along with innovative university research facilities and a progressive eastern Nebraska corn/soybean farming operation. The Hawaii tour included innovative agricultural production technologies for tropical climates and the traditional island agriculture of the Parker Ranch.

These policy forums provide an opportunity for frank and open dialogue among agricultural and agribusiness leaders, policy makers, university leaders and interest group advocates. Programs are designed to ensure that a wide range of interests are represented and that informed disagreements are welcomed. This exchange of ideas fosters understanding of different approaches to problems, which ultimately leads to better public policy.
Bennett Agricultural Round Table

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- Richard Hahn
- Hancock Agricultural Investment Group
- Bernard L. Hardiek
- Hertz Farms
- Jim Hildreth
- William A. Hiller, Sr.
- Sonja Hillgren Hill
- Gerald E. Hillier
- Chip Hinton
- Donald C. Hoganson
- InterAg Technologies, Inc.
- Iowa State University Foundation
- Allan R. Johnson
- Martin Jorgensen
- Kansas State University Foundation
- John H. Kautz Farms
- Kemper Farms
- Knobel Farms, Inc.
- Knutson and Associates
- Lee Kolmer
- Victor L. Lechtenberg
- Patricia P. Leimbach
- Donald Lerch, Jr. and Co., Inc.
- James R. Lerwick
- Seeley G. Lodwick
- Long Farms Inc.
- Loughmiller, Inc.
- James E. Marion
- C. W. McMillan
- Mid-America Ag Network, Inc.
- Richard N. Morrison
- My-T-Acres, Inc.
- Never Bend L.L.C.
- Owen J. Newlin
- North Carolina Soybean Producers Association
- Northwest Horticultural Council
- Novartis
- O.C.S. Associates
- The Ohio State University
- Carl L. Parker
- James Patterson
- J.B. Penn
- The Peoples Group, Ltd.
- Robert Porter
- Jack Prince
- Progressive Farmer
- R.D. Offutt Company
- James L. Rainey, Jr.
- Red Hill Farms
- Henry E. Rodegerdts
- William B. Sayre
- Scherer Farms
- J.W. Scott Farm
- Charles Stamp
- Joseph and Jeanne Sullivan Foundation
- Tate Farms
- Laurence G. Teeter
- Union Pacific Foundation
- University of California-Davis
- Del Van Horn
- Ann M. Veneman
- Verdant Partners
- Villwock Farms
- Larry A. Werries
- Sara Wyant
Financial Summary

Statements of Financial Position For Fiscal Years Ended April 30

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$</td>
<td>$ 18,691</td>
</tr>
<tr>
<td>Money Market Fund</td>
<td></td>
<td>9,422</td>
</tr>
<tr>
<td>Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vanguard Index 500 Fund</td>
<td>14,109,458</td>
<td>14,603,014</td>
</tr>
<tr>
<td>PIMCO Total Return Fund</td>
<td>8,227,243</td>
<td>9,964,422</td>
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<tr>
<td>PIMCO Low Duration Fund</td>
<td>642,293</td>
<td>687,026</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$22,978,994</td>
<td>$25,282,575</td>
</tr>
</tbody>
</table>

Statements of Activities For Fiscal Years Ended April 30

<table>
<thead>
<tr>
<th>REVENUE AND GAINS</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest</td>
<td>$ 727,860</td>
<td>$ 801,968</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>331,080</td>
<td>1,090,075</td>
</tr>
<tr>
<td>Change in unrealized gain on investments</td>
<td>3,999,166</td>
<td>1,505,086</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>(5,095)</td>
<td>(5,194)</td>
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<tr>
<td>NET INVESTMENT RETURN</td>
<td>5,053,011</td>
<td>3,391,935</td>
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<tr>
<td>Gifts</td>
<td>169,854</td>
<td>107,792</td>
</tr>
<tr>
<td>TOTAL REVENUE AND GAINS</td>
<td>5,222,865</td>
<td>3,499,727</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PROGRAM AND OPERATING EXPENSES</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel compensation and benefits</td>
<td>$ 415,505</td>
<td>$ 460,440</td>
</tr>
<tr>
<td>Services</td>
<td>117,823</td>
<td>128,183</td>
</tr>
<tr>
<td>Projects:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Community Viability</td>
<td>75,676</td>
<td>65,413</td>
</tr>
<tr>
<td>Communication and Leadership</td>
<td>50,772</td>
<td>66,148</td>
</tr>
<tr>
<td>Consumer Issues</td>
<td>39,967</td>
<td>47,165</td>
</tr>
<tr>
<td>Environmental and Natural Resource Issues</td>
<td>75,275</td>
<td>115,816</td>
</tr>
<tr>
<td>Globalization</td>
<td>67,654</td>
<td>50,963</td>
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<tr>
<td>New Technologies</td>
<td>31,810</td>
<td>52,722</td>
</tr>
<tr>
<td>Role of Agricultural Institutions</td>
<td>119,458</td>
<td>85,047</td>
</tr>
<tr>
<td>Bennett Agricultural Round Table</td>
<td>4,226</td>
<td>25,672</td>
</tr>
<tr>
<td>Travel</td>
<td>57,232</td>
<td>62,333</td>
</tr>
<tr>
<td>TOTAL PROGRAM AND OPERATING EXPENSES</td>
<td>$ 1,055,398</td>
<td>$ 1,159,902</td>
</tr>
</tbody>
</table>

INCREASE IN UNRESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 4,167,467</td>
<td>$ 2,339,825</td>
</tr>
</tbody>
</table>

* Modified Cash Basis
b Taken from 1998 audited financial statements
c Unaudited
d Project allocations do not include the expenses incurred through Farm Foundation staff participation.
Publications

Building Rural Health Partnerships in the South. Final report to the W.K.Kellogg Foundation and Farm Foundation. Mississippi State, MS: Southern Rural Development Center, April 1999.


A special series of information briefs on welfare reform in the South. Mississippi State, MS: Southern Rural Development Center:


- The New Federalism: Confound-


The Performance of State Programs for Farm-Land Retention. The proceedings of a national research conference held September 10-11, 1998, in Columbus, OH. Columbus, OH: The Ohio State University, 1999.


Rural Community Mental Health Special Anniversary Issue. Celebrating the 25th anniversary of the National Rural Mental Health Association, this issue contains articles from past issues on topics of ongoing concern in rural mental health as well as updates on these and new articles. This publication can be viewed online at http://www.narmh.org.


One of Farm Foundation’s six priority areas is “New Technologies.” One of our commitments to this priority area is Farm Foundation’s homepage (http://www.farmfoundation.org). We see the Internet as an excellent way to help expand our outreach.

Our website includes an electronic Farm Foundation library. Recent copies of The Catalyst, our quarterly newsletter; Increasing Understanding of Public Problems and Policies, the proceedings of the National Public Policy Education Conference; and our annual report are available online.

The website also hosts indepth information from several Farm Foundation-sponsored projects such as the the National Public Policy Education Conference, the Canada/Mexico/United States Trade Disputes Workshop series and the Immigration and the Changing Face of Rural America conferences. Highlights of other projects and links to projects which have Internet websites are also provided.

Please visit us online. If you have any comments or suggestions as to how we can serve you better through the website, do not hesitate to contact us.