



## Center adds associate director for China programs

UC Davis agricultural economist Scott Rozelle is the newest associate director for the AIC, adding China programs to the Center’s areas of expertise.

A professor in the Department of Agricultural and Resource Economics and fluent in Chinese, Rozelle is widely recognized as one of the world’s leading specialists on China’s agriculture. His research is concerned with three general themes: 1) agricultural policy, including the supply, demand, and trade in agricultural projects, 2) the emergence and evolution of markets and other economic institutions in the transition process and their implications for equity and efficiency; and 3) the economics of poverty and inequality. He has close working ties with several Chinese collaborators. He is the chair of the International Advisory Board of the Center for Chinese Agricultural Policy. His papers have been published in top academic journals, including *Science*, *Nature*, *The American Journal of Agricultural Economics*, *The China Quarterly* and the *American Economic Review*.



Scott Rozelle

Rozelle has received numerous honors and awards in recognition of his outstanding achievements. In 2000, he was named a UC Davis Chancellor’s Fellow for his accomplishments and great potential for further contributions. Rozelle received his B.S. degree from UC Berkeley and his M.S. and Ph.D. degrees from Cornell University.

## Upcoming events

**Consumer driven agriculture** AIC is cosponsoring a theme day on consumer driven agriculture and trade in Monterey on Dec. 15. The theme day, at the Monterey Plaza Hotel, is in conjunction with the annual meeting of the International Agricultural Trade Research Consortium. The program features academic and industry specialists from several countries. California industry leaders will discuss their experiences tailoring products and marketing programs to global market realities. For registration and more details, contact Laurie Treacher at (530) 752-2320 or [latreacher@ucdavis.edu](mailto:latreacher@ucdavis.edu).

The AIC’s sponsorship of the theme day and the following events will replace this year’s Executive Seminar.

**Spring outlook conference** AIC is co-hosting a spring outlook conference jointly with the California Chapter of the American Society of Farm Managers and Rural Appraisers on April 25 in Sacramento. For further information contact the Society or Laurie Treacher at (530) 752-2320 or [latreacher@ucdavis.edu](mailto:latreacher@ucdavis.edu).

**Agribusiness management conference** AIC director Dan Sumner will present the keynote address on the outlook for California agriculture at the annual CSU Fresno Agribusiness Management Conference on Oct. 31 at the Radisson Hotel and Conference Center in Fresno. For details and registration information contact Linnea Finley, (559) 278-4405, at the Center for Agricultural Business, CSU Fresno.

## Study explores conservation options for farmland

Compensating agricultural landowners to keep them farming is an increasingly popular way to avoid the conversion of farmland to urban use.

An AIC study, *Conservation Options for California Farmland Owners*, will query agricultural landowners in six Central Valley and coastal counties—Glenn, Colusa, San Joaquin, Madera, Kings, and Monterey—about their views on policy options for reducing farmland conversions.

The selected counties are among the top counties in the state in the amount of acreage enrolled in the Farmland Security Zone program, which since 1998 has allowed landowners to enter into 20-year contracts that prohibit urban development in return for property tax reductions 35 percent greater than under the standard Williamson Act. In place since

1965, the standard program provides for use value rather than market value for determining the property taxes on enrolled parcels, which, in most cases, are under 10-year contracts. Landowner participation in both programs is voluntary, and the contracts are automatically extended annually unless terminated through cancellation or nonrenewal.

Several hundred landowners enrolled in both versions of the Williamson Act, the relatively new Farmland Security Zone program and the standard program, will be mailed questionnaires in late October and November. The landowners will be asked their views on a range of conservation programs and compensatory methods, including those already available to landowners and innovations that are only in the idea stage. Respondents will be invited to participate in follow-up phone interviews or in focus group sessions.

Al Sokolow, UC Cooperative Extension public policy specialist and AIC associate director for rural-urban issues, is directing the study. Nora DeCuir, graduate research assistant, is the project coordinator. The research is supported by the Department of Conservation Division of Land Resource Protection, which administers the Williamson Act and several other state farmland protection programs.

Currently about 565,000 agricultural acres in 18 counties are enrolled in the Farmland Security Zone program. The more established standard Williamson Act program enrolls nearly 16 million acres in 53 counties.

Other voluntary compensatory conservation options available to agricultural landowners include the sale or donation of conservation easements that permanently (in perpetuity) restrict development. Landowners can also participate in a variety of conservation programs operated by the U.S. Department of Agriculture and other agencies. Landowner compensation is a general alternative to such local government regulatory techniques as zoning and urban boundary lines, as a means of obtaining the public benefits of conserving farmland.

### Conference planned

An invitational conference for researchers and individuals having policy or management responsibilities for farmland conservation programs will be held April 7-8, 2003 in Sacramento.

The conference will focus on options for conserving agricultural land. The greatly increased federal funding for land conservation programs in the 2002 Farm Bill and program innovations and experiments in various states

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and localities make the broad issue of balancing private and public benefits in compensatory programs a timely topic.

More detailed questions include how to measure the conservation and environmental values of privately owned agricultural land, funding techniques, the compatibility of different conservation objectives, landowner incentives and experiences, and other topics.

Information and analytical insights about programs and techniques will be drawn from throughout the United States, but the lessons will be applied particularly to existing and potential programs in California.

The AIC will publish a book of papers presented at the conference.

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## **Farm bill meeting set for Oct. 30**

Impacts of the 2002 Farm Bill on California agriculture will be the topic of a daylong inservice meeting for UC Cooperative Extension advisors and specialists and departmental faculty on Oct. 30 in Monterey at the Monterey Plaza Inn.

The discussion by UC and agency experts will cover the farm bill's effects on a several commodities, such as grains, cotton and dairy, as well as cross-commodity effects on nonprogram commodities; implications of the new dairy program for the dairy; and the bill's effects on marketing, farmland conversion, conservation, research, organic production, and crop insurance.

The meeting is a joint activity of the UC Agricultural Management and Economics Workgroup and the AIC. Karen Klonsky, AIC associate director for agricultural environmental management, is the lead organizer.

## **Research stresses importance of trade to food security**

Does national food self-sufficiency lead to food security? Not according to AIC research by Krista Jacobs and Dan Sumner presented to the Food and Agriculture Organization of the United Nations (FAO) in Rome and at the University of New England in Australia. In fact, they argue that national policy promoting open borders enhances food security when compared with policy promoting autarky, or food self-sufficiency.

The authors used an Index of National Food Security (INFS), developed by Sumner in previous work. Unlike the common FAO and USDA measurements of food security, the INFS captures the uncertainty of people's ability to obtain food by considering the effects of income, and food price levels and variability on the ability to obtain adequate food.

The study discussed Indonesia, during the years when Indonesian access to rice imports was limited, as the government's main rice policy was to promote self-sufficiency and shield producers and consumers from sharp fluctuations in the price of rice.

Despite these efforts, the authors find that full access to imports would have resulted in food security index levels up to 14 percent higher than what was actually achieved.

The researchers note that Indonesia's rice policy was successful in that it lowered the variance of prices faced in Indonesia compared to world prices but that it came at a cost of a higher average price, which ultimately diminished food security as measured by the INFS. Research by Sumner comparing autarky and open import for South Korea in 1995 reached similar conclusions.

## Study generates cost expenditure data for crop insurance programs

An AIC study is developing a national database of cost of production information for use by the Risk Management Agency to develop new crop insurance programs. A major objective is to measure costs for specialty crops in states that are underserved by USDA programs. The Production Input Expenditure (PIE) study, coordinated by the AIC, involves 37 states and 27 commodities ranging from wheat in Montana to pumpkins in Pennsylvania. Multiple studies will be done for the same crop using a range of production practices, including organic farming where appropriate.

A review of existing cost expenditure studies has been completed by the AIC as a preliminary step. Production expenditure studies have been completed for cotton and blueberries in California. Blueberries are a new crop in California, and pro-

duction practices are still evolving for Central Valley conditions. A blackberry study and additional cotton studies are under way. A comparison of production costs between Washington and California for cherries and blackberries will begin this fall. These studies will serve as a pilot for developing a format that allows cross-state and intrastate comparisons. From these results, the PIE project will make recommendations concerning extrapolating expenditure data from one area within a state to another area in the same state and from one state to another.

## Grape location drives California wine prices

In the wine business, location is important. The key to higher wine prices is the source of grapes by appellation. An AIC pricing analysis involving nearly 9,000 premium varietal wines shows, for example, with other characteristics constant, a bottle of Napa Valley wine will cost consumers 61 percent (on average) more than wines from other areas of California.

Other factors also affect wine prices. Again, holding location and other characteristics constant, a one-point taste test score increase established by the industry magazine, *Wine Spectator*, is worth an average additional 83 cents on the price of a 750 ml bottle. Specific vineyard designations also have a positive effect on wine prices. Other variables affecting wine prices include vintage year and grape variety.

Summary results of the study by postgraduate researcher Helene Brombrun and AIC director Dan Sumner were presented at the OIV Wine Marketing Seminar at UC Davis and are being published as an upcoming *AIC Issues Brief* and academic outlets.

### Postgraduate researcher transitions

Sarah Stutzman joined the AIC in July as a postgraduate researcher. She has a B.S. degree in managerial economics from UC Davis where she was awarded the 2002 Mary Regan Meyer Award for accomplishment in scholarship, public service, community participation and future academic goals. Stutzman is exploring links between UC pest management research and extension and changes in farmworker and farmer health and safety in California.

Postgraduate researcher Fiona Hutchinson has left the AIC and has accepted a position as policy analyst on the Biosecurity Team in the Policy Division of the Ministry of Agriculture and Forestry in her native New Zealand beginning Nov. 11. At the AIC, Hutchinson developed economic analyses of new uses for whey protein. Her work is being disseminated in various publications, including an *AIC Issues Brief* and *California Agriculture* magazine.

Postgraduate researcher Helene Bombrun also has completed her year with AIC and returned to France. She compiled wine price data (see article this page) as part of a value added project at the AIC. The results of her work also will be featured in an upcoming *AIC Issues Brief* and other publications.

## AgMRC web site promotes value added agriculture

In an ongoing effort to assist producers, marketers, educators and others with education and research on value added agriculture, the Agricultural Marketing Resource Center (AgMRC) has founded a new website, AgMRC.org. The site provides value added business and economic analysis tools; information on marketing, business principles and legal, financial and logistical issues; and ways to enhance value by improving quality

and more closely tailoring farm production to consumer demand.

The AgMRC hopes to be the first stop for producers looking for value added agricultural information covering market assistance and research in a variety of agricultural arenas.

The AIC is a partner in the AgMRC, along with Iowa State and Kansas State universities and in cooperation with other leading universities, agencies and organizations.

## Book offers guidance on agricultural labor management

Hired employees are critically important to agricultural production. Nonetheless, for many farmers, the complexities of employment law, labor market dynamics, and interpersonal relations, feed a reluctance to dig into the field of labor management. A new book designed to address the myriad challenges of managing people in agriculture is now available.

The book, *Ag Help Wanted: Guidelines for Managing Agricultural Labor*, is addressed to family farm operators, labor contractors, and other managers and supervisors at every level in production agriculture. It will also be useful to students preparing for a career in agriculture.

Written by UC Berkeley human resource management specialist Howard Rosenberg with several collaborators, the book will ship in mid-October. Rosenberg directed the UC Agricultural Personnel Management Program, now a unit of the AIC, from 1988-98.

The full-color, 250-page handbook has the following chapters:

- Roles and Responsibilities of an Agricultural Employer
- Organizational Planning
- Staffing the Farm Business
- Supervising Agricultural Work
- Managing Employee Performance
- Communication and Problem Solving.

It is a product of the Western Farm Management Extension Committee, which consists of management educators from land-grant universities in the western states. The Farm Foundation, USDA Risk Management Agency, and the Western Center for Risk Management Education helped fund the project.

The handbook can be ordered through the web site, [aghelpwanted.org](http://aghelpwanted.org). Prices range from \$30 for single copies to \$20 per copy for orders over 100.

## Wine industry contracts increase between growers and processors

Agricultural contracts between farmers and processors have increased substantially in recent years. Research by UC Davis agricultural economists found that 90 percent of the wine grape growers surveyed used such contracts. Growers with more experience, larger vineyards, more expensive grapes and longer relationships with buyers were more likely to enter into contracts.

The research by Rachael Goodhue, Dale Heien, Hyunok Lee and Daniel Sumner, all members of the Department of Agricultural and Resource Economics, was published in the May-June 2002 issue of *California Agriculture* magazine. For a copy of the article see <http://danr.ucop.edu/calag/0203MJ/pdfs/winecontracts.pdf>.

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