



Department News:

Department Name Change—Another Iteration: The faculty has recently approved and submitted a proposal to the university to change the name of the department to *Agricultural and Resource Economics*. This is the second proposal in as many years: the previous proposal died in committee.

The department is currently recruiting for two faculty positions—Assistant Professor in Agribusiness Economics and Assistant Professor in Resource Economics.

Graduate Program

Maria Loureiro (Ph.D. 2000) has received the Applebaum Award for Outstanding Ph.D. Dissertation from the Food Distribution Research Society. *Tauhidur Rahman* was elected President of the AAEA Graduate Student section for 2001-2002. *Kristine Grimsrud*, *Rafic Fahs*, and *Bingfan Ke* received Graduate School Travel Grants to attend professional meetings. *Kristine* was also the recipient of a Graduate School Summer Research Assistantship. *Rafic Fahs* received the department's first *Outstanding Graduate Student* award. *Tiziano Cembali* and *Milko Volanti* received AAEA Foundation travel grants. The Ag Economics Graduate Student Association will soon be holding elections for new officers. *Eric Siebens* is the department's GPSA Senator.

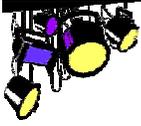
The Department of Agricultural Economics saw 13 students complete their graduate degrees this past year. Six new graduate students joined the department in spring 2001 and 6 more enrolled this fall. Thirty-eight students are currently seeking advanced degrees in the department.

Undergraduate

Kelli Myers was elected President of the AAEA Undergraduate Student Section for 2001-2002 and also selected as the CAHE Outstanding Junior in Agricultural Sciences for 2000-2001. *Lisa McRae* was the department's selection for the CAHE Outstanding Senior in Agricultural Economics Award. *Justin Cambra* was the department's selection for CAHE Outstanding Senior in Agribusiness and was nominated for "Aggie of the Year." *Lori McRae* was the department's selection for the CAHE Outstanding Freshman award. *Kellie Myers* presented a poster for the 2001 AgAwards: "The Economic Effect of the First Grass Rebate Program on the Washington Asparagus Industry."

The department has a new look to its web page. We hope that it's easier to access. Please sign our guest book and let us know you have been visiting. Visit us at <http://www.agecon.wsu.edu>

2001



SPOTLIGHT

Paul Barkley—Professor has been on the faculty for a zillion years. He arrived in 1967 as an Associate Professor with a 1963 Ph.D. from Kansas State University, two years' experience at Utah State University, and three years' experience at Colorado State University. Although away from the campus during three year-long sabbaticals and a brief stay at another university, he has always come back to pursue a WSU career in teaching, writing, and research. Unforgettable assignments include years on the Ph.D. "preliminary examination committee" and more years on the "Graduate Advisory Committee." Unforgettable moments include being told on Monday that he would teach the Agricultural Policy course starting on Wednesday (and he has now taught that course for 20 years), and learning that he had OK'd the wrong politician's photograph for the cover of CHOICES magazine -- the popular distribution magazine of the American Agricultural Economics Association. He says that economics may be dismal, but it is never dull.

Holly Wang—Assistant Professor just finished her fourth year in the department. She has been working on farm risk management and crop insurance issues since her graduate student years at Michigan State University, and now has expanded her research areas to soil erosion and other production issues in the State of Washington. She enjoys teaching and interacting with students. Holly came from China in 1991 with her husband, Hao, now also a faculty member at WSU. Rounding out the family is 4 year-old Robin and baby Rachel. R&R keep H&H excited and busy.

Sharon Baum—Secretary Supervisor and Chair's Secretary. Sharon has been in the department for 28 years—same position, same office, five different department chairs. Lots of changes have occurred during these years. She has seen the number of faculty shrink from 31 to 18 and the support staff cut from 14 to 6. Seventy-four secretaries, word processors, or office assistants have passed through the Department in the same period of time. However, graduate students numbered 42 in fall 1975 and almost as many in fall semester 2001. Sharon serves as staff graduate coordinator and is one of the department's web designers. Golf continues to be her main hobby. Sharon and Gary have two children and two granddaughters.

Ph.D. student *Eivis Petrela* from Albania started her master's in the Department in 1996. She enjoyed her studies and research so much that she decided to continue on for the Ph.D. She will complete her dissertation on migrant labor in Washington agriculture under the supervision of Phil Wandschneider during the fall semester. Her husband is a software engineer at Schweitzer Engineering Laboratories and the couple have two children, Maggie and Daniel. They love Pullman and hope to be around for a while.

Originally from Olympia, Washington, *Michael Clark* has been a student at WSU since 1995. He earned his Agricultural Technology and Management degree and graduated with honors in May 1999. He entered graduate school the following semester as a master's student in Agricultural Economics. He has been studying the effects of the Alaskan Halibut and Sablefish IFQ (Individual Fishing Quota) program under the supervision of Scott Matulich. He plans to graduate in Fall 2001. "Being at WSU has exposed me to a diverse range of people and knowledge," Michael says. "Between my degrees in AgTM and AgEcon, I have had the opportunity to take many courses such as welding and agricultural processing to natural resource economics and econometrics. Classes such as these gave me a wide breadth of practical knowledge that will prove to be helpful as I make the transition from school to the real world."

Faculty Honors and Activities

Paul Barkley was named Kansas State University's outstanding graduate for 2000 and was invited to give the Commencement Address at the winter graduation of Kansas State University.

Richard Carkner retired in 2001 after 23 years of service.

Kenneth Casavant is WSU's faculty athletic representative to the Pac 10 Conference and NCAA, and has finished a year's service as Pac 10 president.

Herbert Hinman was co-author of an article on the economic and environmental benefits of organic apple production which was published in the April 2001 issue of *Nature*. This article produced a huge publicity bonanza for the College. Publicity included interviews with the senior author, John Reganold, on NPR's "All Things Considered," and on the Voice of America. Paul Harvey and Dr. Dean Edell mentioned the study favorably on their syndicated talk shows, and the major wire services all carried stories on the research

David Holland was on professional leave for the 2000-2001 year. He spent the first half at Oregon State University during research and the second half teaching at the University of Chile.

Ray Huffaker was promoted to full professor in 2000. The Western Agricultural Economics Association has elected *Ray* as its president for 2001-2002.

Scott Matulich received The Western Agricultural Economics Association award for Outstanding Undergraduate Teacher with More than 10 Years' Experience.

Jill McCluskey was elected director of the Western Agricultural Economics Association for 2001-2002.

David Price retired in 2000 after 38 years of service on the WSU faculty.

Richard Shumway became the fourth member of an elite WSU club. He was selected as a *Fellow of the American Agricultural Economics Association* at their 2001 meeting. He joins Paul Barkley who was selected in 1997, Norm Whittlesey in 1999, and E. J. Working (deceased) who became a Fellow in 1968. He also received the *Southwestern Agricultural Economics Association's Award for Lifetime Achievement in 2000*.

Gary Smith has transferred his duty station to WSU-Puyallup.

Thomas Wahl was chosen Director of the IMPACT Center.

Continuing A History of Excellence

The Department of Agricultural Economics has achieved national and international renown for several decades. The most recent decade has brought increased recognition to the department, including having three members of the faculty selected as Fellows of the American Agricultural Economics Association; one as President of the American Agricultural Economics Association; four as President of the Western Agricultural Economics Association; several faculty selected for university, regional and national teaching, research, and extension honors; publication of numerous scholarly articles as well as an agricultural economics and two advanced econometrics textbooks; greatly increased grant support; and frequent contributions to the professional and stakeholder dialogue on important and controversial issues. Two undergraduates and one graduate student have been elected to lead their respective national professional associations.

Faculty and students have made major contributions to natural resource management and conservation and the economics of production agriculture, transportation, international trade, and commodity marketing. Students at both the undergraduate and graduate levels have received strong academic training and developed critical leadership skills. They have excelled in academic and extracurricular pursuits. Alumni currently hold many positions of importance and respect and are making significant contributions in education, business, and government throughout the nation and world.

Future challenges involving the skills of agricultural economists will certainly be no less important than those of the past. In order to preserve and carry on this history of excellence in a period of increasing budget constraints for higher education, additional avenues of support must be pursued to assure high quality in fulfilling land grant responsibilities. Consequently, the department has set an ambitious goal of raising private donations for distinguished professorships, endowed faculty chairs, graduate fellowships, and undergraduate scholarships.

The first priority is to raise enough funds to endow a distinguished professorship within the next three years. While we would expect to appoint a distinguished professor soon after sufficient funds are raised, the real goal is to pursue the distinguished professorship as an intermediate step to endowing a faculty chair. The former requires contributions of \$250,000 while the latter requires \$1.5 million (including the \$250,000 for the distinguished professorship). Our 10-year goal is to raise sufficient funds for an endowed chair, six endowed fellowships, and 15 endowed undergraduate scholarships as well as commitments for two more endowed chairs. Except for undergraduate scholarships, all are eligible for state matching support. In addition, each endowed chair provides an additional faculty position. If successful, we will secure a critical base of support to assure innovation and continuity of important programs in the current environment of limited public support.

The effort to promote the department's future is being led by the Friends of Agricultural Economics. Jesse Lyon (BS 1992), John Baritelle (Ph.D. 1973), Don Blayney (Ph.D. 1988), Bart Gebers (BS 1992, MA 1994), Jeff Gordon (Ag Econ Dad), and Eric Jessup (Ph.D. 1998) serve as organizers of the Ag Econ Friends Advisory Committee. Jesse is the coordinator. They are seeking help in making contact with others of like mind. If you are interested in assisting, they can be contacted at jesselyon@dwt.com (503-778-5268), jbaritelle@aol.com (707-963-7471), dblayney@ers.usda.gov (202-694-5171), bart.gebers@usbank.com (509-663-2056), eric.l.jessup@aexp.com (602-766-9476), or jeff_g@gordonwines.com (509-545-9761). They look forward to hearing from departmental alumni, stakeholders, and other friends regarding how best to collect, assemble and organize scarce resources to extend the department's programs of excellence into the future.

Alumni Feedback

Richard Bruce, BS, MS, Ph.D., has written to say "it seems amazing to hear you have 150 students and 30-40 graduating each year—a bit different than the three of us of the class of '57. . . . I've worked in industry in northern Brazil; own a consulting business, and feel privileged to be involved in managing the famous tropical rainforest."

Mohd. Fauzi Mohd. Jani, Ph.D. 1985, is with the Department of Agricultural Economics and Resources, University of Malaysia. He is planning on a U.S. tour in 2001-2002 for research collaboration in agricultural economics.

Ed Estes (Ph.D. 1979) writes to let us know that Cougar fans are still alive and well in the Raleigh, NC area.

Brad Dobry (BS 1982) has been with the Marriott Hotel in Boston since 1984. He and his wife have a 9-year-old daughter.

OLD COUNTRY VALUES, DIVERSE WSU FACULTY HELP GRAD PROSPER

Apparently you can take the Italian out of the Piedmont, but you can't take the Piedmont out of the Italian; at least not in four generations of the Baritelle family. The Baritelles were successful wool merchants who invested the family fortune in vineyards in the late 19th century--just in time for a devastating grape insect, phylloxera, to ruin them financially. Augusto Baritelle brought his destitute family to the United States where his grandson, August, eventually bought a small walnut ranch in Walnut Creek. His grandson, John, grew up and acquired many old country values and culinary practices. Wine was served at every dinner and their vegetable oil was walnut or almond oil.

After a career in agricultural economics, John is back on the family farm pursuing a new career in the relatively new food artisans industry. In 1970 John's father, August, purchased yet another walnut ranch in the Napa Valley. Here he planted 63 acres of Cabernet Sauvignon vineyard, which John now farms. John also owns The California Press, which produces first-pressed, virgin walnut, filbert, pecan, almond and pistachio oils. He and long-time friend, Anthony Bell, are partners in Bell Wine Cellars.

The Baritelle/Bell partnership began in 1991 during an Italian vacation. While enjoying fine Italian terroir wines, they decided to produce them in California. Terroir is a philosophy that wine is grown in the vineyard and that the enologist is merely the steward of what nature put in the grapes. Baritelle Vineyard and Bell Wine Cellars strive for an old-world balance between fruit, acid, oak and tannins in their hand-crafted wines. It is a concept that Baritelle now is applying to nut oils and vinegar. "The idea," Baritelle says, "is not to mess with nature's flavor too much." Most edible oils and vinegar consumed by Americans are highly refined and lose the flavor they started with on the farm. Yes, even vinegar benefits from the delicate flavors obtained from mother nature. Baritelle says a lot of the vinegar Americans consume is actually made out of ethylene, which comes from natural gas. Not Baritelle's. Baritelle's vinegar starts out with ripe fruit, such as plums or cherries, which is made into wine and then vinegar. "You're not just tasting the vinegar," Baritelle says, "you're tasting the flavor compounds from the fruit." Baritelle and Bell are small operators on a world stage of food conglomerates. "We can't compete with the mass marketers, and we don't want to. We would lose touch with the customer and with hands-on quality control."

Ironically, phylloxera, which drove the Baritelle family from Italy more than a hundred years ago contributed to the success of John's vineyard today. John explains that discovery of phylloxera in his Napa Valley vineyard nearly destroyed his fledging business. It cost more than \$1 million to replant with resistant root stock. The silver lining was that when he was forced to replant, Baritelle had the opportunity to select new rootstocks of a Cabernet clone perfectly suited to the site of his vineyard. Replanting also allowed Baritelle to implement new strategies for vineyard spacing and management.

John has fond memories of his days at WSU. He and Ken Duft, now a WSU agricultural economist, were masters' candidates at the University of California, Berkeley. Duft talked him into visiting the WSU agricultural economics department. He was impressed with the faculty and came to Pullman where he obtained his doctorate. "I'm forever thankful that Ken suggested it," says Baritelle. "It was a wonderful experience." It was a diverse faculty with different views of the world that stimulated Baritelle. "Those faculty members turned out to be a great help in surviving in today's world," he says. "I think I learned that there are many ways to look at things and solve a problem. That was one of life's most important lessons."

Baritelle held a courtesy appointment in the WSU agricultural economics department from 1970-1980 while working for the U.S. Department of Agriculture and had a temporary appointment as an assistant professor in Ag Econ in 1974. He received a doctorate in agricultural economics from WSU in 1973.

--Terence Day
NEWS WRITER, CAHE/INFO

This and other news releases from the WSU College of Agriculture and Home Economics are available on our World Wide Web site. The URL is: <http://cahenews.wsu.edu/>. Need an expert? Go to: <http://cahe.experts.wsu.edu/>

The Coordinated Ph.D. Program with Economics and Finance

The first cohort of students in the new coordinated Ph.D. program with Economics and Finance have completed their first year. Core courses included four economic theory and two quantitative methods courses. They will complete their final two core courses this fall and then select four advanced topics courses in areas of specialization.

Research and Publication Highlights



Fisheries

Fisheries economics research conducted by Scott Matulich exemplifies the diversity and impact of departmental activities. In 1996, he and two colleagues, Ron Mittelhammer and former Ph.D. student Carlos Reberte (now at American Express), published an important article on managing commercial fisheries. It became the cornerstone of the American Fisheries Act. Economists have argued since 1954 that allowing anyone with a license to have access to marine fisheries promotes over-investment, with too many boats chasing too few fish. The result is economic waste and an inability to sustain the resource or the industry. Economists have been saying that individual fishermen should be given marketable rights to harvest their share of the total allowable catch. By trading (buying or selling) these rights, the fleet becomes very efficient. Individuals who sell out their rights are compensated and move on to other things. Matulich and his colleagues discovered a flaw in this traditional individual transferable quota (ITQ) design that unintentionally redistributes wealth from the co-dependent processing sector. Continuing research explores alternative ways to achieve the desired efficiency benefits while avoiding the unintended wealth redistribution that occurred in earlier years. The impact of Dr. Matulich's research program became most apparent when Congress passed the American Fisheries Act (1998) to decapitalize and rationalize the Nation's largest fishery (pollock) off western Alaska. He continues his research in an attempt to design a win-win ITQ policy for the North Pacific crab fisheries.



Econometrics

A new graduate textbook, *Econometric Foundations* by Ron Mittelhammer, George Judge, and Douglas Miller, (University Press, 2000) begins an entirely new paradigm in the way econometrics is taught, learned, and experienced. This is achieved by both the choice of topics, and the CD-ROM based multimedia, computer interactive interface provided with the book for working with econometric techniques. The topics discussed in the book span the basic concepts underlying modern econometric estimation and inference procedures. They start with Ordinary Least Squares and progress through general extremum and moments-based estimates, and information theory-based estimation and inference methods. The book also discusses foundation concepts in special topics such as limited dependent variable, nonparametric, and Bayesian estimation methods.

Examples in the book (of which there are hundreds) are *live*, *interactive*, and *customizable* via a graphical user interface-driven connection with the reader's computer. This means that an example in *Econometric Foundations* keeps on providing experiences and fostering understanding of econometric methods long after the example is read and run for the first time. The book is based on the idea that readers learn by *doing* and *observing* econometrics in addition to reading about it. And for those readers who wish to learn how to program econometric procedures, a "layer" of interactivity accompanies *all* of the examples. This allows the user to see the complete computer programming code underlying each example of econometrics, together with help on how to program the examples. It is designed as a lifelong interactive educational tool.



Apple Production

In the April 2001 issue of the prestigious scientific journal *Nature*, Herb Hinman joined co-authors John Reganold, Jerry Glover, and Preston Andrews in assessing the "Sustainability of Three Apple Production Systems." Escalating production costs, heavy reliance on nonrenewable resources, reduced biodiversity, water contamination, chemical residues in food, soil degradation, and health risks to farm workers handling pesticides, all bring into question the sustainability of conventional farming systems. However, some scientists claim that organic farming systems are less efficient, pose greater health risks, and produce half the yields of conventional farming systems. Despite this controversy, organic farming became one of the fastest growing segments of U.S. and European agriculture during the 1990s. Integrated farming has been successfully adopted on a wide scale in Europe. This research reports the sustainability of organic, conventional, and integrated apple production systems in Washington State from 1994 through 1999. All three systems had comparable apple yields. The organic and integrated systems had higher soil quality and potentially lower negative environmental impact than the conventional system. When compared with the conventional and integrated systems, the organic system had sweeter and less tart apples, higher profitability, and greater energy efficiency. Data indicate that the organic system ranked first in environmental and economic sustainability, the integrated system second, and the conventional system last.



Melissa Wing joined the Department in October 2000 as a Technical Secretary replacing Joanna Mignano. Ben Weller is the new Fiscal/Budget Manager. Brenda Campbell, Technical Secretary, was promoted to a Graphics Illustrator position with the IMPACT Center and her former position was consumed by budget cuts. Sharon Meldrum continues her excellent jack-of-all-trades work as the department's office assistant. Kim Dupin continues as Extension Secretary and Danielle Engelhardt is chief web designer.

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Contact Information

Washington State University
Department of Agricultural Economics
PO Box 646210
Pullman, WA 99164-6210
Phone: 509-335-5556
Fax: 509-335-1173
<http://www.agecon.wsu.edu>