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Research Projects Within the SDSU Economics Department

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ECONOMICS COMMENTATOR

South Dakota State University

No. 439

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RESEARCH PROJECTS WITHIN THE SDSU ECONOMICS DEPARTMENT

by

Larry Janssen, Professor and
Richard Shane, Professor and Head
Economics Department

SDSU Economics Department faculty and personnel conduct teaching, research, and extension programs as an integral part of our three-fold mission:

1. To prepare student's for today's and tomorrow's global economic and business environment by conducting educational programs in the fields of economics, agricultural and resource economics, agricultural business, and business economics.
2. To conduct research and creative activity for solving economic and business problems, increasing income, and improving the quality of life for the people of South Dakota and the global community.
3. To provide economic and business information and applied research findings to the people of the state through the Cooperative Extension Service and other outreach programs.

The Economics Department research program is closely aligned with the second mission but also contributes to the other two missions. Research findings are brought into the classroom and used to enhance teaching and student learning. Graduate students and some undergraduate students receive hands-on training in conducting applied economic research and in writing and presenting their findings. Many applied research findings are used in extension education and other outreach programs in South Dakota and in surrounding states.

Most of the internal funding for the Economics Department research program is from the SDSU Agricultural Experiment Station (SDAES). Currently, 11 Economics faculty members are principal investigators on research projects funded by SDAES. All of these faculty members also teach university classes or conduct extension education programs. These funded research projects also employ graduate students and some undergraduate students. The main economic research topics funded by SDAES are agricultural marketing and trade, farm and ranch management, rural development and policy, and natural resource / environmental issues related to South Dakota and surrounding states.

All research projects begin as ideas that faculty members convert into research proposals for funding. These ideas come from many sources including students, farmers and ranchers, agribusiness persons, community leaders and policy makers. Project leaders try to convert many of these ideas into research projects that can generate new knowledge and useful results. Most SDAES projects have several objectives and are funded for 3-5 years.

The rest of the Commentator contains a brief description of each research project as written by the project leader(s). This list includes only SDAES projects directed by Economic faculty. It does not include other research activities conducted by Economics faculty and students, nor other SDU projects funded by SDAES.

We (project leaders) welcome your comments, questions, and suggestions for future projects. Many Economics Commentator issues have contained findings from some of these research projects, while other findings will be reported in future issues.

Agricultural Biotechnology: Economic Implications for Midwest Agriculture

(This project has just been completed.)

In this project, several impacts of transgenic grain on Midwest agriculture were examined. Costs and benefits of potential segregation of transgenic grains at merchandiser levels were also analyzed.

Contact: *Bashir Qasmi* and *Evert Van der Sluis*.

Rural Labor Markets and Factors Influencing Rural/Urban and Metro/Nonmetro Migration

South Dakota has gone from net out-migration of the population in the 1980s to net in-migration in the 1990s. This population growth is associated with increased employment and aggregate income growth. This expanding level of economic activity is not spread equally throughout the state, and certain areas will continue to experience net out-migration and declining economic activity. The objectives of this project are to: 1) investigate the determinants of individual migration decisions to better understand the factors that are pulling people into the state, and 2) examine the areas of the state and the types of industries that will likely experience the population and economic growth.

Contact: *Bill Adamson*

Changes in Global Patterns of Food Projects Trade: Implications for the U.S. and South Dakota

U.S. agriculture is going through a transition. Global trade barriers are decreasing and cross-border trade in agricultural commodities and processed products is increasing. There is also increased two-way trade. Researchers will analyze trends in U.S. trade in agricultural products, and identify the factors underlying these trends. The researchers will also investigate the implications of changes in these global agricultural trade patterns to gain insight into the future direction for grain and livestock production and processing in the U.S. and South Dakota.

Contact: *Bashir Qasmi*

Value Added Agriculture in South Dakota: Its Impact on Structure, Efficiency, Prices & Ag Policy

The structure of agriculture is changing as farmers attempt to capture a larger share of the consumer dollar through performing value adding activities. In this project, researchers will examine the impact this change in farmer attitudes and actions has on profitability and their changing role in the agricultural industry.

Contact: *Nicole Klein*, *Gary Taylor*

Case Profiles of Profitability Determinants in the S.D. Beef Cow-Calf Enterprise

There is limited understanding of what contributes to profitability in the beef cow-calf enterprise. The purpose of this project is to use SPA (Standardized Performance Analysis) studies, surveys and interviews to increase our knowledge of the determinants of profitability in the South Dakota beef cow-calf enterprise.

Contact: *Carol Cumber*

Perception of Biotechnology Produced Agricultural Products and Implications for Risk Management

The lack of sufficient information and misinformation has created a problem for agricultural producers on the adoption of biotechnology, in particular transgenic seed crop production, and what it offers so educated decisions with respect to the acceptance of biotechnology can be made. Two main purposes of this project are to determine potential economic benefit and determinants of biotech adoption of South Dakota agricultural producers, and to analyze the economics of biotechnology adoption as a risk management tool for agricultural producers in South Dakota.

Contact: *Doug Franklin*

Agri-environmental Policy Options and Implementation Based on Multi-Functionality

Agricultural policy in North America and Europe appears to be entering a new phase in which 'multi-functionality' is taking center-stage. Project results will be used to provide guidance about design and implementation of policies based on environmental, economic, and social functions of agriculture.

Contact: *Thomas Dobbs*

Value-Added Agriculture Activities in a Changing Food & Fiber System

The importance of value-added agriculture to South Dakota and the United States is examined in this project. Attention will be given to endeavors beyond production agriculture, such as those involved with processing raw agricultural products. The goal of this project is to inform policy makers and rural residents of the potential benefits and costs associated with value-added agriculture, so as to encourage those involved in agriculture to increase, or where needed, decrease, their involvement in these activities. In general, an increase in value-added agricultural activities is thought to increase the overall economic activity in rural areas, and thus the well-being of its residents.

Contact: *Evert Van der Sluis*

Representative Farm and Agricultural Land Market Analysis for South Dakota

One major purpose of this project is to continue providing information on and evaluation of agricultural land market trends, land values, and cash rental rates in different regions of South Dakota. The impact of Federal farm and conservation program payments on land values, cash rents, and agricultural land use will also be examined. The other major purpose is to develop at least three representative model farms for South Dakota that can be used by economic research and extension specialists for analyses of impacts of farm policies and alternative management practices on varied types of South Dakota farms.

Contact: *Larry Janssen*

Enhancing the Competitiveness of U.S. Meat

Statistical analysis of time-series price data will be conducted to determine if market transparency was improved in the market for slaughter cattle after federal mandatory price reporting regulations were implemented in April 2001.

Contact: *Scott Fausti*

Consortium to Address Social, Economic, and Ethical Aspects of Biotechnology

Agricultural biotechnology is viewed by some people as an opportunity to develop new products for the benefit of producers and consumers, while others question the long-term consequences of these products. In this project, researchers examine determinants of product adoption, consumer behavior, industry response, product regulation, intellectual property rights, values influencing consumer and producer decisions, and producer and consumer attitudes' towards acceptance or rejection of agricultural biotechnology.

Contact: *Evert Van der Sluis, Economics*
Donna Hess, Rural Sociology

Final Comments from Department Head

We appreciate the opportunity to conduct research on issues of interest and importance to South Dakota and the region. Please direct your questions and ideas to the project leaders, to Dr. Janssen, or to myself. We will do our best to integrate them into fulfilling our three-fold Land Grant University mission.

ECONOMICS COMMENTATOR

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