

DEPARTMENT OF

Rural Economy



ANNUAL REPORT

2003





Mission Statement

To pursue excellence in the discovery, application and dissemination of knowledge of economics, sociological, and business dimensions of agriculture, food, forestry and the environment. A related focus of Rural Economy's research mission is the pursuit of public involvement to ensure relevance and effectiveness in the discovery, application, and dissemination of knowledge in our areas of focus.

Message *from the* Dean

As I look back on this past year, I am proud of the Department of Rural Economy's many accomplishments.

Staff and students in the Department were honoured with many awards in 2003. Staff were rewarded for



contributions to the profession (most notably Vic Adamowicz, who was listed in the Who's Who in Economics, and Terry Veeman, who was elected as a Canadian Agricultural Economics Society Fellow), for teaching achievements and for publications of exceptional quality. Students won numerous awards in international competitions and were victorious in the American

Agricultural Economics Association (AAEA) Case Study Competition held in Montreal. Congratulations to all and continued successes!

I am also delighted with the continued growth of the Cooperative Program in Agricultural Marketing and Business, which represents cooperation between industry and the Department of Rural Economy. This year's co-op activity builds on previous years of successful research

initiatives. The seminar held last June was very timely, indeed, as it focused on issues relating to food safety; identity preservation and the development of new marketing strategies for agricultural products.

The Department maintained a significant presence in the international community. A team of faculty and graduate students led by Kevin Chen traveled to Hangzhou, China to deliver a workshop on food safety in conjunction with the Center for Agricultural and Rural Development (CARD) and Zhejiang University. On the other side of the world, Michele and Terry Veeman were the Contributed Paper Organizers for the 25th International Conference of Agricultural Economists held in Durban, South Africa. The Department plays a key role in the Faculty's internationalization efforts and I look forward to its continuing involvement in this critical area in the years to come.

This report provides only a brief overview of the fascinating activities and great successes that occurred in the Department in 2003. I trust that the articles will prompt you to strengthen your connections to the Department and to appreciate the relevance of its work across the broad domains of agriculture; forestry and the environment.

Ian Morrison

Message *from the* Department Chair

Rural Economy had many significant achievements in 2003. We had the pleasure of hiring a new staff member, Sean Cash, who is interested in health and food issues. One of our senior staff members, Mel Lerohl, retired after a long and productive career within the department, and Vic Adamowicz was elected to the prestigious Board of Directors of the Association of Environmental & Resource Economists (AERE).

The Department was also delighted to host the first University of Alberta Senior Fulbright Scholar, Roger Sedjo, during the Fall of 2003. Roger is a senior research fellow at Resources for the Future in Washington, D.C. Roger was an active participant in the activities of the Department, developing some collaborative research proposals and making two large public presentations as well as many contributions to classes and graduate student activities. We are grateful to the University of Alberta, the Faculty of Agriculture, Forestry and Home Economics and the Fulbright Foundation for making this important visit possible.

Staff activities within the Sustainable Forest Management Network this year were significant and continue to provide

a solid base of funding for many post-doctoral fellows and graduate students. In a similar fashion, researchers within the Department played a significant role in the Prairie Genome GELS project, which also continues to provide exciting graduate student research opportunities. New significant research grants within the Department include a Ducks Unlimited project researching on-farm wetlands and an SSHRC BIOCAP project researching greenhouse gases and the cattle industry. These projects, as well as others, reflect our response to the pressing need for research in the agriculture-environment interface within the province of Alberta.

Ellen Goddard



Consumers' attitudes toward Agriculture Biotechnology

Rural Economy Members of the research team: Michele Veeman, Vic Adamowicz, Anne Huennemeyer, Lorie Srivastava, Wuyang Hu, Gloria Gao.



[Left to right: Wuyang Hu, Vic Adamowicz, Gloria Gao, Michele Veeman, Lorie Srivastava]

Dr. Michele Veeman has always taken a keen interest in public perceptions.

How informed are consumers? Do they trust information sources? And when all is said and done, just how does the general Canadian population feel about biotechnology?

Dr. Michele Veeman, professor in the Department of Rural Economy at the University of Alberta, has watched the biotechnology issue evolve from the very beginning. She has taken a keen interest in pinning down some concrete answers on public awareness and acceptance of biotechnology, specifically with plant-derived genetically modified organisms (GMOs). "In the past four years, more research has been oriented to the consumer and social attitudes towards food safety and quality," she explains.

The largest project Veeman heads, entitled "Risk Perceptions, Social Interactions, and the Influence of Information on Social Attitudes to Agriculture Biotechnology," is a collaborative study with [Vic] Adamowicz, in which they are gathering data from an extensive, nationwide, Internet-based survey conducted during December 2002. The project, largely funded by AARI, includes an experiment based on 800 Canadians' choices indicating how labeling, price, food safety, and health perceptions factor into grocery purchasing decisions, and how opinions and information about biotechnology affect these choices.

What does the future hold for Veeman's research? "We will be gleaning and analyzing the information from the Risk Perceptions study this year and into 2004. This study only dealt with the plant GMO issue. With colleagues in this Department, we would like to study the acceptance of animal-based GMOs, which appear to be less acceptable to many consumers: the issues that underlie risk perceptions for food deserve more research."



There is still much work to be done to create awareness and deliver accurate information about biotechnology to the general public. Investigating the public acceptance of more biotechnology topics or practices, to gain a better understanding of how attitudes are formed and may change, will aid in keeping the agriculture industry moving forward. Veeman and her associates understand that current social pressures from the European Union, and the world, make it imperative for Canadians to stay ahead of the curve concerning biotechnology acceptance and tolerance.

Michele Veeman has taken a keen interest in pinning down some concrete answers on public awareness and acceptance of biotechnology.

Ducks Unlimited Project:

The Economics of Wetland Drainage

Rural Economy Members of the research team: Peter Boxall (PI), Brett Cortus, Scott Jeffrey, Jim Unterschultz.



[Left to right: Peter Boxall, Brett Cortus, Jim Unterschultz, and Scott Jeffrey]

Ducks Unlimited Canada recently awarded a team of researchers from the University of Alberta a grant for research into the economics of wetland drainage for the purpose of agriculture production. The team includes Peter Boxall, Scott Jeffrey and James Unterschultz, who are from the Department of Rural Economy, as well as Les Fuller from Renewable Resources and Jonathon Thompson from Ducks Unlimited.

By concentrating on the private benefits and costs, it is expected that this study will identify and quantify, in economic terms, the key on-farm “tradeoffs” between wetland drainage versus wetland preservation. Economic models will be developed that incorporate interactions between drainage, soils and annual cropping.

“We hope to get some insights into the process of combining biophysical relationships and economic relationships within a bioeconomic model; gain a better understanding of the economic tradeoffs involved in producer decisions to drain or not drain natural wetlands on their farms; and identify key “gaps” in knowledge, particularly with respect to the biological and physical science associated with the impact of draining wetlands,” Scott Jeffrey explains.

While Ducks Unlimited Canada is concerned with the drainage and conversion of wetlands in Western Canada to agricultural production, primary agriculture businesses are focused on managing long-run business viability. The competing interests of business and conservation represent the classic economic problem of conflict between public and private benefits derived from a resource.

“[This research] will hopefully give [Ducks Unlimited] feedback in terms of the value of draining wetlands to agricultural producers”, Jeffrey continues. “This may provide some insights for them in terms of developing assistance programs for producers who are interested and willing

to leave wetland areas in their natural state. The research results will also give them some idea of the type of research that they should consider funding in the future.”

Graduate students are expected to benefit as well, with graduate training being provided for one to two graduate students throughout the four year project. Results from this research will have a direct connection to course content in undergraduate courses at the University of Alberta.

This study will identify and quantify, in economic terms, the key on-farm “tradeoffs” between wetland drainage versus wetland preservation.



Management Strategies *for the* Mitigation of Greenhouse Gas Emissions in Beef Production

The research team includes Scott Jeffrey in a national project led by Alfons Weersink (University of Guelph).

As part of a larger research node within the SSHRC-BIOCAP national network, Scott Jeffrey from the department of Rural Economy has begun research to identify and evaluate management strategies and alternative technologies that may contribute to mitigation of greenhouse gases (GHG) in the beef industry. BIOCAP Canada is a national research organization investigating technologies and policies for the use of biological approaches to carbon management (www.BIOCAP.ca).

The SSHRC-BIOCAP research node under which Jeffrey

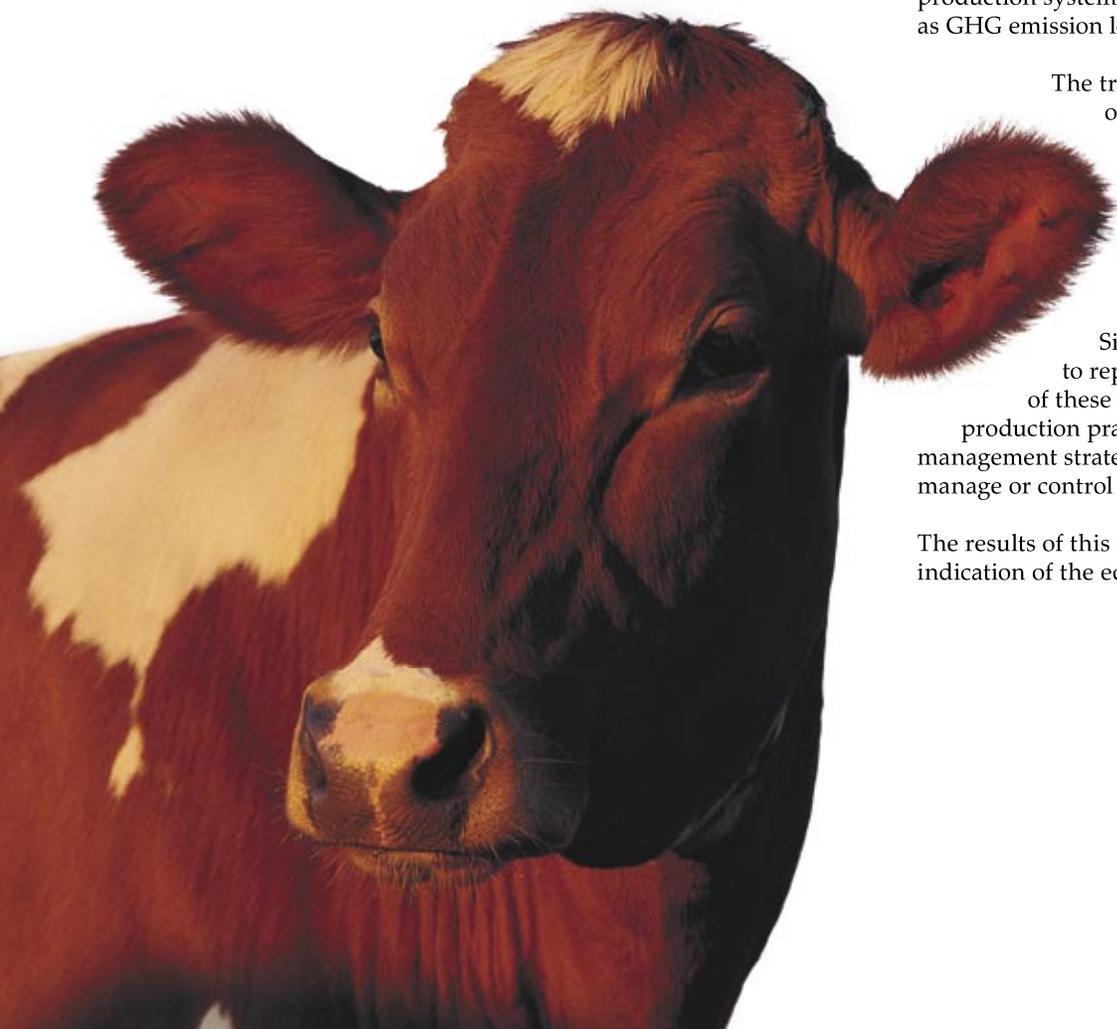
is working is entitled: “Cost-Effective Agricultural Management Strategies and Technologies in Mitigating GHG Emissions”. Jeffrey’s research will add to the broader scope of BIOCAP research regarding economic-environmental tradeoffs stemming from agricultural management strategies and technologies being developed under BIOCAP.

Alternative and traditional land management systems will be evaluated by developing tradeoff curves that illustrate and quantify the impact on the economic viability of producers and on the environmental sustainability of the production systems using such environmental indicators as GHG emission levels, water quality and soil health.

The tradeoffs between the various dimensions of sustainability for farmers are thus transparent and decision-makers can place alternative weights on those dimensions in determining the appropriate balance between the GHG levels, environmental quality and the farm economy.

Simulation models will be constructed to replicate and forecast performance of these operations, assuming first current production practices and then adoption of alternative management strategies and/or technologies intended to manage or control GHG emissions.

The results of this simulation analysis will give some indication of the economic viability of these strategies and



Jeffrey's research will add to the broader scope of BIOCAP research regarding economic-environmental tradeoffs.

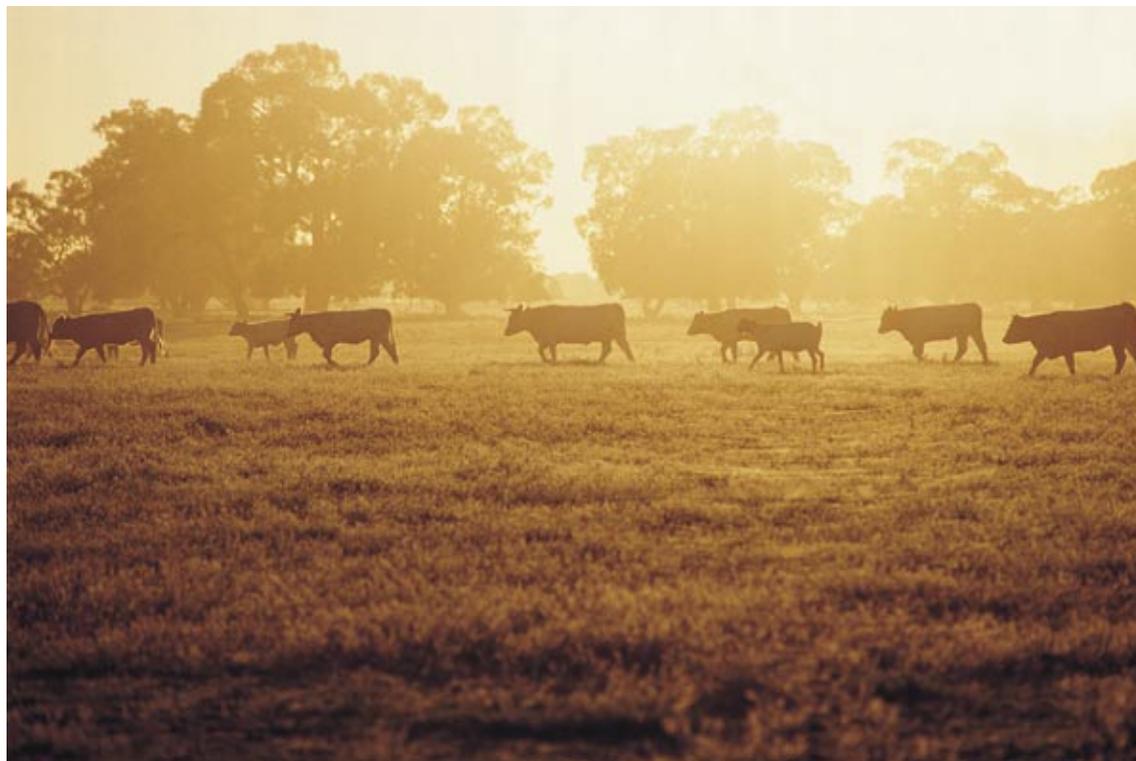
technologies for beef producers.

An important strength of this research project (and the other research efforts within this SSHRC-BIOCAP node) is the linkage it provides between existing/potential physical science research into biosphere management strategies and technologies and the economics of farm-level production decisions.

The resulting tradeoff assessment generated by this research will also be useful for the macro-level analysis conducted by other potential nodes in the national network.

In addition to the strategic links with other researchers and stakeholders, benefits of this research include the provision of a transparent illustration of the trade-offs between the various dimensions of sustainability related to greenhouse gas management.

It will determine the abatement costs, and thus approximate incentive levels, for farmers to adopt GHG reducing technologies.



Addressing cultural, social and land-use concerns of the Métis

Rural Economy Members of the research team:
Frank Tough (PI), Naomi Krogman,
Debra Davidson, Peter Boxall.

December 9, 2003 – A University of Alberta researcher helping Saskatchewan’s Métis chart their history and, consequently, their future has won a \$1 million grant from the Social Sciences and Humanities Research Council of Canada (SSHRC).

SSHRC announced that Dr. Frank Tough and the U of A’s School of Native Studies will receive a Community-University Research Alliance (CURA) grant to work towards addressing cultural, social and land-use concerns of the Métis in northwest Saskatchewan. The allotment is part of \$6 million being distributed by SSHRC to fund six community-based projects in Alberta, British Columbia, Saskatchewan and Quebec to promote and improve the sustainability of Canada’s aboriginal communities.

The project, supported by the grant over five years, will focus on archival, community and policy issues. The U of A will partner with the Métis community in northwestern Saskatchewan to glean and record the knowledge of elders and other residents. The partners will document, through maps, lands traditionally used by the Métis and will also draw up a cartographic history of the region and assess natural resource policies in the area. The area, about one-sixth of the province in size, encompasses 19 Métis communities.

Several U of A experts are collaborating on the project, including Dr. Naomi Krogman, a professor in the Department of Rural Economy. Krogman helped design the policy component of the study, which will gather

information on Métis land-use priorities. “It’s a way to be more informed about what they do care about, so they can negotiate better with the province over research development,” she said.

The grant will also allow for undergraduates to get involved in the research. Tough also expects a specialized course in applied archival research will be developed for future students, and he wants to develop an atlas of the region under study. “Canada has more geography than history, and an atlas is a good way to make information available to a variety of users.”

Kathy Hodgson-Smith, a research director who did the traditional land-use study, states: “Government projects wash through a community like a tide. What CURA allows us to do is wash through our community and leave infrastructure, capacity and benefits. If we can accomplish that, we can accomplish more than government programs have accomplished in the North for 100 years.”

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Responding to BSE in Canada

Rural Economy Members of the research team: Jim Unterschultz, Mel Lerohl.



[After the single case] of bovine spongiform encephalopathy (BSE) was discovered in a beef cow in Canada in May 2003, exports of beef products ceased immediately as importing countries closed their borders to Canadian beef products. In light of this crisis, Jim Unterschultz (U of A), Jill Hobbs (U of S) and Mel Lerohl (U of A) undertook to evaluate the impact of BSE on the beef industry and suggest future policy strategies for the industry.

In 2001, the Canadian cattle industry introduced a compulsory cattle identification system to assist in tracing cattle in the event of a major food safety or herd health problem. The system assisted in tracing the offspring of the BSE infected animal but had not been in place for a sufficient period of time to assist in tracing back the history of the infected animal itself. For food safety or animal disease problems the ability to quickly trace back infected animals and to identify potentially affected herds is important both in reducing the potential private and public costs of a food safety problem and in limiting the economic damage to the rest of the industry. Unterschultz, Hobbs and Lerohl indicate that an issue remaining to be examined by the industry includes whether the Canadian identification program should be expanded. In UK and other EU countries, a full cattle passport system is in place which tracks the animals throughout their lives.



The researchers concluded that the future structure of the beef industry remains uncertain. It is probable that the beef industry in Canada will contract over the next two years depending upon the final outcome of border openings to exports of Canadian beef and live animals. The reduction in the beef cow breeding herd size is still uncertain but beef cow numbers could drop by twenty percent if domestic processing capacity for cattle is to match domestic supply. The increasing cost structure and farm business failures at the cow-calf sector level may induce further reductions in the beef herd. The feedlot sector, in aggregate, may experience little change in size, since export markets open only to meat and not to live animals may increase the demand for feeding services in Canada. The processing sector will have to cope with changes in slaughtering older animals and changes in regulations regarding the slaughter of animals. The aggregate size of the processing sector should not decrease.

The BSE issue highlights the need for Rural Economy and associated institutions to have the resources available to undertake research and provide critical policy input on agriculture and resource issues when crises happen.

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New Faces



Dr. Sean B. Cash has been appointed Assistant Professor in the Department of Rural Economy effective July 1, 2003. His areas of interest include health and the environment, nutrition, and natural resource conservation. Sean recently completed his PhD in Agricultural Economics at the University of California, Berkeley. He also holds Masters degrees from Berkeley and the University of Michigan, and a BA from Johns Hopkins University.

Dr. Lorie Srivastava is a post-doctoral researcher working with Vic Adamowicz and Michele Veeman. She earned her PhD from Michigan State University in the field of Environment and Resource Economics. Lorie earned a Computer Science Honours degree and a B.A. in Economics from the University of Manitoba, and a Masters degree in Agricultural Economics from University of British Columbia (UBC). For her M.Sc. at UBC, she did her research and field work in the middle Himalayas of Nepal. For her PhD, she focused on the economics of water pollution, specifically examining the effects of the implementation of the federal U.S. Clean Water Act on dairy farms in Michigan. Lorie is joining the department after working as a non-partisan researcher at the Parliament of Canada for the last two years; she worked with the House of Commons Agriculture and Agri-Food Committee, the House of Commons Fisheries and Oceans Committee, and the Senate Agriculture and Forestry Committee.



Dr. James McQueen is a post-doctoral researcher working with Dr. Terry Veeman. James received his PhD in Natural Resource Economics from Michigan State University in 2003 and completed his Bachelors and Masters Degrees at the University of British Columbia. He grew up in an agriculture and forestry town in British Columbia and his research interests reflect that background. James was previously employed at the Parliamentary Research Branch in Ottawa as a researcher for the House of Commons Standing Committee on Industry, Science and Technology and the Standing Senate Committee on Energy, the Environment and Natural Resources.

Graduate Student Highlights

Norah MacKendrick

Norah MacKendrick is currently with the Social Science Research Group of the Canadian Forest Service (CFS) in Edmonton. She has a Masters of Science in Rural Sociology from the University of Alberta, where she studied natural resource policy and corporate environmental responsibility in Alberta's forestry and energy sectors. With the CFS, she recently completed a study of community sustainability in the northern interior of British Columbia, and is now involved in a project assessing community vulnerability to impacts from the Mountain Pine Beetle infestation, as part of the Government of Canada's Mountain Pine Beetle Initiative. Norah, along with Debra Davidson, also received first prize in the Rural Sociological Society competition for their submitted poster entitled 'Voluntary Corporate Greening in Rural Alberta' in 2003.



Getu Hailu

Getu Hailu, the winner of an F.S. Chia Scholarship, Lemaire Co-operative Studies Award, and the Travis Manning Book Prize, is a PhD student in the Cooperative Program in Agricultural Marketing and Business. Getu completed his undergraduate degree in Agricultural Economics at Alemaya University in his home country of Ethiopia. He went on to complete a joint Master of Science program between Alemaya University and the University of Hannover in Germany. Getu is expected to complete his studies and thesis by September 2004. Getu's PhD research focuses on why agribusiness co-operative firms are facing capital constraints, while simultaneously considering the implications of financial risks associated with debt. And in particular, he is trying to find out how the risks associated with debt financing influence profitability and efficiency of supply and marketing co-operative agribusiness firms. He has co-authored "Incentive Incompatibility in Co-operative Agribusiness Firms in Canada: Does Supply Management Matter?" Hailu, et al. *Journal of Food Distribution Research*, 2004, Vol. XXXV, No. 1: pp. 110-111; "Do consumers REALLY respond to media coverage of food safety issues? The case of meat in Canada." Hailu et al., in the *Proceedings of International Symposium on Food Safety: Consumer, Trade, and Regulation Issues Hangzhou, China, October 10-11, 2003* and another five papers are under review for publication in peer reviewed journals.

Scott Heckbert

Scott Heckbert is currently finishing his MSc in Natural Resource Economics in Rural Economy, where he applied the combination of agent based modeling and traditional preference measurement techniques into computational simulation the impacts of forest land access on moose hunting and moose populations. Scott completed his BA at Augustana University College majoring in both Environmental Studies and Philosophy. He has recently accepted a position with CSIRO's Sustainable Ecosystems division in Australia as a modeler examining complexities of environmental management in the tropics.



Graduate Student Awards



Ross Mitchell, PhD Candidate, was awarded a 2003 Graduate Student Paper Award sponsored by the American Sociological Association. His paper was selected from the Section on the History of Sociology titled: "Thorstein, Veblen: Pioneer in Environmental Sociology." Ross traveled to Atlanta, Georgia in August to accept his award.



[Left to right: Michael Habteyonas, Cindy Wang, Jing Zhang]

In August, Jing Zhang, Cindy Wang and Michael Habteyonas won the American Agricultural Economics Association (AAEA) Case Study Competition, which was held in Montreal at a joint meeting of Canadian and American agricultural societies. The competitors had to propose remedies to Ocean Spray Cranberries' (OSC) problems, and the U of A team came out on top against ten teams. As a result, they may help to get the beleaguered co-op company back on its feet.

Graduate student awards received in 2003 include:

Jay Anderson

- University of Alberta PhD Scholarship

Kenneth Caine

- Province of Alberta Graduate Scholarship
- Alberta Learning Achievement Scholarship Program
- Circumpolar/Boreal Alberta Research Grant, Canadian Circumpolar Institute
- Northern Scientific Training Program Grant, Department of Indian Affairs and Northern Development
- R. Ramsay Scholarship, DIAND-Northern Scientific Training Program
- T.W. Manning Book Prize

Brett Cortus

- John Proskie Memorial Scholarship
- B.J. McBain Scholarship

Ge Gao

- Alberta Agricultural Economics Association Master's Scholarship
- T.W. Manning Book Prize

Freda Glover

- Co-operative Program in Agricultural Marketing and Business Studentship

Getu Hailu

- FS Chia PhD Scholarship (Renewal)
- J Gordin Kaplan Graduate Student Award

Quentin Hauta

- John Proskie Memorial Scholarship
- B.J. McBain Scholarship

Scott Heckbert

- J Gordin Kaplan Graduate Student Award

Joffre Hotz

- J Gordin Kaplan Graduate Student Award

Israel Huygen

- J Gordin Kaplan Graduate Student Award

Jorge Mendez Manzanilla

- Murray and Pauline Hawkins Graduate Research Fellowship

Ross Mitchell

- Social Sciences and Humanities Research Council (SSHRC) Doctoral Fellowship (Renewal)
- Walter H Johns Graduate Fellowship
- American Sociological Association Graduate Student Paper Award

Leanna Parker

- University of Alberta PhD Scholarship

Benjamin Shank

- MacAllister Scholarship in Agriculture
- Province of Alberta Graduate Scholarship
- Amy and Tim Dauphinee Scholarship
- T.W. Manning Book Prize

Jun Yang

- FS Chia PhD Scholarship

Jing Zhang

- FS Chia PhD Scholarship

Undergraduate Students



[Left to right: Kyla Rice, Ryan Furtas, Steve Verchomin]

The Department of Rural Economy, Faculty of Agriculture, Forestry and Home Economics is proud of our students who participated in various undergraduate competitions. A number of undergraduate students participated in the Undergraduate Student Competitions at the American Agricultural Economics Association (AAEA) annual meetings held in Montreal, July 27-30, 2003. The students were: Adair Rigney, BSc Environmental and Conservation Sciences; Kyla Rice, BSc Environmental and Conservation Sciences; Ryan Furtas, BSc Agriculture; Steve Verchomin, BSc Agriculture. All students presented papers in the Undergraduate Student Paper Competition and Ryan Furtas placed third for his paper entitled: 'What happened to the Fluid Milk Market after the Sale of the Dairyworld Cooperative?' Ryan, Kyla and Steve also competed against teams from all over North America in the Academic Bowl.

This was a follow-up to the success of Michelle Spence and Chantelle L'Hoir at the 2002 AAEA undergraduate paper competition, where they won first and third place respectively.

Our students were also represented at the Alberta Agricultural Economics Association Annual Meeting in Red Deer in May, 2003. Jason Richl, Kyla Rice, Dale Milesand and Jean-Phillipe Fertin (graduated June, 2003) were awarded second place for their poster entitled 'A Model of Backcountry Camping Site Choice in Kananaskis Country'.



Michelle Spence



[Left to right: José Lomeli, Getu Hailu, Adrienne Herron, Kent Erickson, Ellen Goddard, Warren Bills, The King (a.k.a. Mississippi State Senator, Tim "Elvis" Johnson), Marina Cawley, Sarah Gardner.]

In October 2003, a team of undergraduates participated in the annual case study competition of the Food Distribution Research Society in Biloxi, Mississippi. The students who participated were Warren Bills, Marina Cawley, Kent Erickson, Sarah Gardner and Adrienne Herron, all BSc Agriculture students. They prepared a case study entitled 'In the Shadow of a Giant: Wal-Mart and Houston Grocery Market'.

When you consider the activities above, our undergraduate students have been very productive.

Academic Staff Awards

- **Vic Adamowicz**, Selected for inclusion in "Who's Who in Economics", 4th Edition 2003.
- **Peter Boxall**, Faculty of Agriculture, Forestry, and Home Economics, "Teaching Wall of Fame 2003".
- **Debra Davidson**, Faculty of Agriculture, Forestry, and Home Economics, "Teaching Wall of Fame 2003".
- **Scott Jeffrey**, Review of Agricultural Economics, "Outstanding Journal Article." University of Alberta, Agriculture Club "Teaching Excellence Award". Faculty of Agriculture, Forestry, and Home Economics, "Teaching Wall of Fame 2003".
- **Marty Luckert** was one of the authors of the book, "Household Livelihoods in Semi-arid Regions: Options and Constraints", which was named by the Department for International Development as a Notable Publication.
- **Debra Davidson** and Norah McKendrick, Rural Sociological Society "Best Poster Award."
- **Terry Veeman**, Selected as a Fellow of the Canadian Agricultural Economics Society.

Inaugural University of Alberta Senior Fulbright Scholar

In 2003, the Department of Rural Economy was delighted to host the first **Senior Fulbright Scholar** to come to the University of Alberta, Dr. Roger Sedjo. A distinguished scholar, Roger is a Senior Fellow in the Energy and Natural Resources Division at Resources for the Future (a premier independent institute dedicated exclusively to analyzing environmental energy & resource topics in Washington, DC), and Director of its Forest Economics and Policy Program.

Dr. Sedjo spent a period of four months with Rural Economy in the Fall of 2003 participating in various activities in the department.

"I gave several presentations including the inaugural Fulbright lecture and the 50th FILS forest industry lecture at the University of Alberta and other presentations at the University of British Columbia, the University of Victoria, the University of Calgary, as well as the Northern Forestry Centre. The topic generally dealt with forest sinks and the Kyoto Protocol, but I also spoke on other forestry topics including global forestry and forests and biotechnology," he explains.

"I was also involved in the Sustainable Forest Network project relating to the resource use of the Heart Lake First Nation. An interesting potential future research topic involves land use and the interface of forest and agricultural lands in Alberta. Given the emergence of the possibility of markets for sequestered carbon and the interest in tree planning for industrial wood purposes, the landscape of Alberta could change over the next one to three decades."



[Dr. Sedjo's American ambassadors, Lewla and Zoey, pose for a tribute to Canada.]

Dr. Sedjo's research interests include: the long-term sustainability of America's forests; environmental problems related to international forestry and global forest production; climate change impacts on forests and timber supply issues; and, methods for non-market valuation of biodiversity.

The Fulbright award is available to Canadian and American faculty members, post-doctoral researchers and experienced professionals who wish to lecture, conduct research or undertake a combination of both activities at an American or Canadian Institution. The Fulbright gave Roger, his wife Ruthie and their two dogs the chance to live in Canada and experience the social and academic environment in Rural Economy.

Overview of the Cooperative Program in Agricultural Marketing and Business



The Cooperative Program in Agricultural Marketing and Business was created by industry funding in the late 1980's. The organizations providing funding initially were: the Alberta Chicken Producers; Alberta Egg Producers; Alberta Hatching Egg Producers; Alberta Pork; Alberta Turkey Producers; Credit Union Central Alberta; Edmonton Co-operative Association; Federated Co-operatives Limited; Lilydale Foods; Ponoka Co-op; The Co-operators; United Farmers of Alberta; Alberta Wheat Pool; and the University of Alberta. The broad purposes of the program are to conduct research, extension and teaching in the areas of agricultural marketing and business. The program funding is largely used to fund graduate student research. Currently there are five Masters students, one PhD student and one Undergraduate student being funded through the program. Highlights of research findings for the year include the following:

- Foreign direct investment in the Canadian agribusiness sector has had an impact on domestic productivity: however, the size and type of impact differs by sector (dairy versus grain), so positive outcomes are not guaranteed.

- Canadian consumers have responded to food safety issues in the media, and to generic, brand and restaurant advertising and changed their meat consumption purchases accordingly. Given current BSE and avian flu issues in the livestock industry, marketing strategies are critical. These strategies must be adjusted in response to media coverage of disease issues.

The program also encourages various extension activities. This year the highlight of the program was the Annual Symposium. Symposium 2003 "Branding, Labeling, and Identity Preservation: What's in it for Agribusiness?" was held on June 3, 2003 at the University of Alberta. About 100 people attended the one day symposium where interest was high; particularly around a number of speakers who spoke on BSE and consumer demand for beef. The Co-operative Program maintains a web site and produces a series of newsletters of interest to industry. For more information about these see: <http://www.coop.re.ualberta.ca/>

Student Co-op Research

- Freda Glover (M.Sc expected 2005): The role of regulatory environment on success in Canadian cooperative agribusinesses.
- Getu Hailu (Ph.D. expected 2005): Capital constraints and debt in Canadian cooperative agribusinesses.
- Adrienne Herron (B.Sc Agr. Sustainable Agriculture, 2004): Potential environmental (carbon credit) cooperatives.
- Wenzhao Huang (M.Sc Ag Econ, expected 2005): Pricing games in the Western Canadian fluid milk market (before and after the loss of the largest dairy cooperative in that region).
- José Lomeli (M.Sc expected 2004): Canadian meat demand and the impact of food safety and health concerns.
- Chris Panter (M.Sc expected 2004): Marketing strategies for individual chicken products, by cut and by further processed product.
- Cindy Wang (M.Sc expected 2004): Canadian non-alcoholic beverage demand by demographic profile.
- Jing Zhang (Ph.D resource economics expected 2008): History of the western wheat pools in 2003 and also regional demand for milk by level of fat content.



[Front Row: Getu Hailu, Freda Glover, Cindy Wang, Ellen Goddard, Jing Zhang. Back Row: José Lomeli, Adrienne Herron, Chris Panter, Wenzhao Huang.]

Canada Research Chair *in* Environmental Economics

Vic Adamowicz holds the Canada Research Chair in Environmental Economics. The Chair is focused on developing improved methods for incorporating environmental goods and services into economic analysis and on improving policy and institutions to deal with environmental problems. The Chair provided support for one graduate student, one undergraduate student and one postdoctoral fellow. These individuals worked on a variety of topics including measuring nontimber values to improve forest management; examining the impacts of the energy

sector on forest lands, and developing an assessment of the use of environmental valuation methods in research and policy.

As part of the activities of the Chair, Adamowicz made several presentations including;

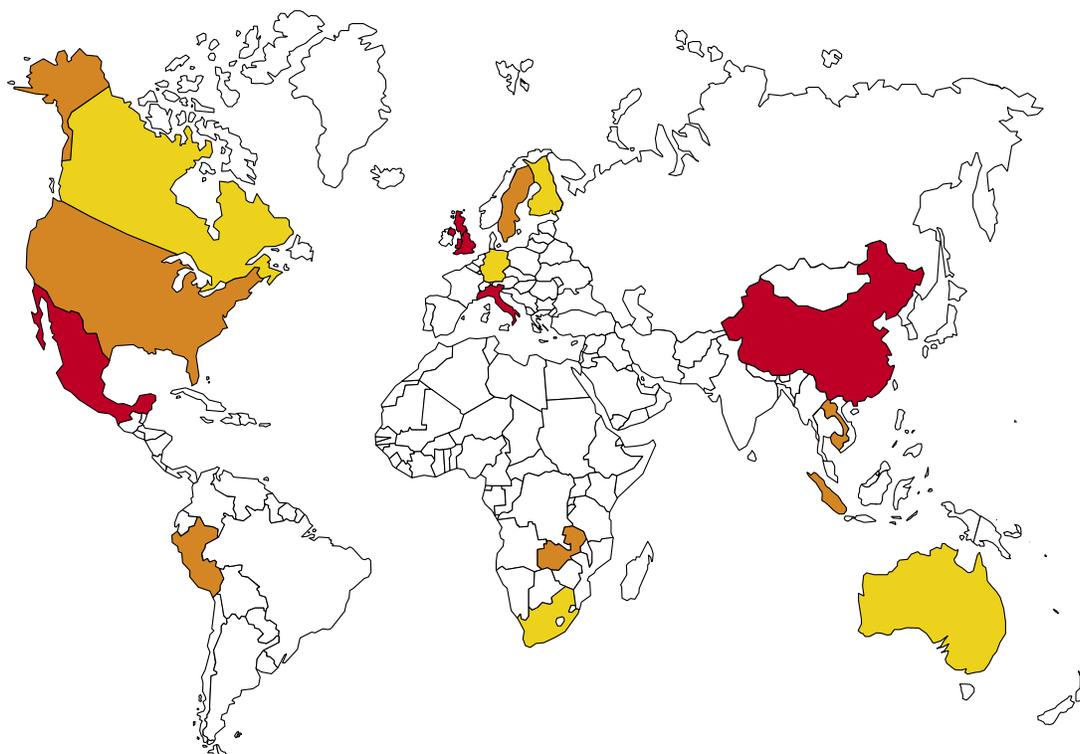
- A presentation on measuring environmental values using household rather than individual models – presented at the conference Advancing the Methodology of Discrete Choice Experiments in Health Economics at Oxford University,
- A presentation on the measurement of impact of forest management on Aboriginal People at the Association of Environmental and Resource Economists annual meeting in Washington, DC.

Adamowicz also continued as Scientific Director of the Sustainable Forest Management Network, one of Canada's Networks of Centres of Excellence. A major initiative in the Network this year was the completion of the book "Towards Sustainable Management of the Boreal Forest" which included Adamowicz as one of the editors. This major work summarizes the research of the SFMN's initial 7 years and provides a state of the art assessment of the economic, social and ecological aspects of forest management.

Adamowicz also participated in a number of policy processes including completing his service as one of the two technical advisors to the Canadian Council of Forest Ministers Review Committee on Criteria and Indicators. The new CCFM Criteria and Indicators were released this year.



Countries *in which* Rural Economy Researchers *delivered* Conference Presentations *in* 2003



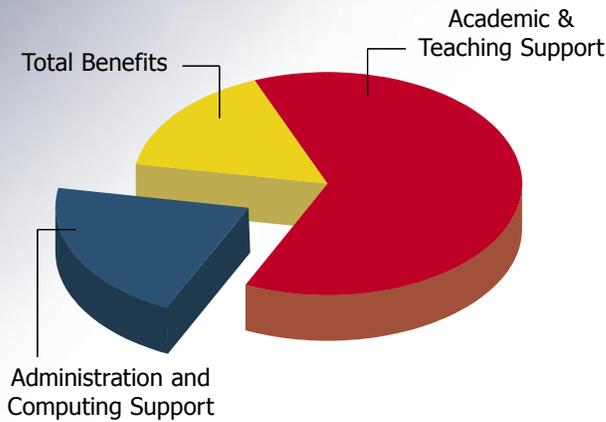
Food Safety Conference in Hangzhou, China:

In October of 2003, a team of experts from Rural Economy traveled to Hangzhou, China to join forces with the Center for Agricultural and Rural Development (CARD) in delivering a workshop on Food Safety at Zhejiang University. Thanks to Professor Kevin Chen, who helped plan the conference and the Department of Rural Economy's co-sponsorship, the event was a success. Others in the team included Professors Michelle Veeman, Sean Cash and Jim Unterschultz; Students Wuyang Hu and Getu Hailu, and Professor Francis Yeh, Associate Dean for Research for the Faculty of Agriculture, Forestry and Home Economics. The aim of this project was to raise the profile and enhance the linkages of the University of Alberta with academic institutions in China.

International Association of Agricultural Economists (IAAE) Conference in Durban, South Africa:

The two-year process of program planning by Michele and Terry Veeman as the Contributed Paper Organizers for the 25th International Conference of Agricultural Economists culminated in 42 successful sessions of contributed papers at the most recent Conference of IAAE, from August 16-22, 2003, in Durban, South Africa. A total of 143 contributed papers were selected, after double-blind reviewing, from some 501 submitted papers, for these sessions, and formed a major component of the program. The next IAAE conference will be held on the Gold Coast, near Brisbane, Australia in August 2006.

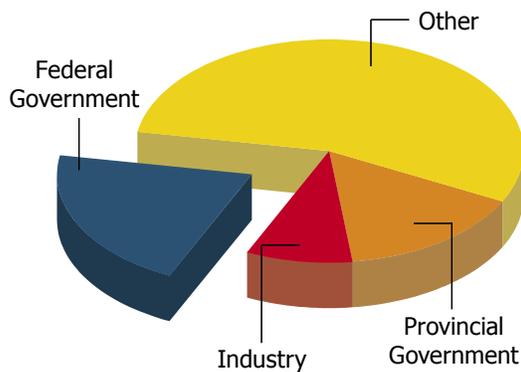
2003 Operating Budget: \$1,575,344



Distribution of Operating Budget:

Academic & Teaching Support	\$1,051,968
Administration and Computing Support	\$311,486
Total benefits	\$211,890

2003 Research Funding: \$1,769,708



2003 Source of Research Funds:

Federal Government	\$428,480
Provincial Government	\$343,285
Industry	\$131,000
Other	\$866,943

2003 Academic Staff:

15	Professors
8	Adjunct Professors
5	Research Associates

2003 Graduate Student Enrolment:

	MSc	MAg	PhD	Total
Agricultural and Resource Economics ¹	35	1	12	48
Rural Sociology	9	1	4	14
Forest Economics	2		2	4
Phd joint Native Studies			1	1
Overall Total	46	2	19	67

Wiktor L. Adamowicz

Environmental Economics,
Econometrics, Forest
Economics

Peter C. Boxall

Environmental Economics,
Resource & Forest Economics

Sean B. Cash

Environmental,
Resource and Health
Economics.

Kevin Z. Chen

Food Marketing, Policy

James H. Copeland

Computing and Statistical
Analysis

Debra J. Davidson

The State and Environmental
Policy, Globalization, First
Nations Issues.

Ellen W. Goddard

Chair, Department of Rural
Economy; Co-op Chair,
Agricultural Marketing and
Business

Grant K. Hauer

Resources & Environmental
Economics, Trade

Scott R. Jeffrey

Agricultural Business Management,
Production Economics

Naomi T. Krogman

Sociology of Natural Resources,
International Development, Gender

Martin K. Luckert

Forest Economics, Natural Resource
Economics

Desmond W. Ng

Agribusiness Management &
Strategy, Business Strategy

James R. Unterschultz

Agribusiness, Finance and
Marketing

Michele M. Veeman

Markets, Policy, Trade

Terry S. Veeman

International Development,
Resource & Environmental
Economics

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Image / Photo Credits

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Editor / Writer: Trevor Ackerman. Co-Editors: Judy Boucher, Vic Adamowicz, Sean Cash, Ellen Goddard. Design and layout, Studio X Design & Illustration.

Page 2 & 3: Photo courtesy R. Siemens/Creative Services

Page 4: "Consumers' Attitudes toward Agriculture Biotechnology" excerpted from: *Buying Biotechnology?* In AARI Alberta Agricultural Research Institute, *The Link* (http://www.aari.ab.ca/sec/new_res/docs/e_news/Winter2003.pdf), Vol. III, Issue 1 (Winter, 2003) Photo courtesy R. Siemens/Creative Services

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Page 8: "Addressing cultural, social and land-use concerns of the Métis" excerpted from: Betkowski, Bev. \$1 Million to Chart Métis History. In *Express News*, University of Alberta., (http://www.expressnews.ualberta.ca/expressnews/articles/news.cfm?p_ID=5399&s=a), Dec. 9, 2003. Map courtesy of Dr. Frank Tough, Department of Native Studies, University of Alberta

Page 9: "Responding to BSE in Canada" excerpted from: Unterschultz, Jim. *Dealing with Crisis Issues: Responding to BSE in*

Canada. In *Rural Economy Newsletter*, (<http://www.re.ualberta.ca/Whats%20Happening/Newsletters/2003%20Oct%20to%20Jan%202004.pdf>), Oct.1 – Jan 31, 2004

Page 10: Photo courtesy Trevor Ackerman

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Page 15, bullet 1: FDI in the Canadian Agri-Food Industry, Jorge Mendez-Manzanilla, M.Sc. thesis defended December 2003, "Effects of Foreign Direct Investment in the Canadian Agri-Food Industry"

Page 15, bullet 2: G. Hailu, C. Wang, J. Lomeli and E. Goddard, "Do Consumers Really Respond to Media Coverage of Food Safety Issues? The Case of Meat in Canada," Presented at the International Symposium Food Safety: Consumer, Trade and Regulation Issues" Hangzhou, China, October 10-11, 2003; E. Goddard, "Can Advertising and Media Health Coverage Mitigate the Consumer Effects of Food Safety Occurrences? The Case of Meat in Canada," Presented at the Agricultural Institute of Canada Foundation Conference From the Farm Gate to the Dinner Plate, Edmonton, Alberta, November 2-4, 2003. Photo courtesy R. Siemens/Creative Services

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