



Agricultural Economics

Agricultural Economics Program

The Ag Econ Informer

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SPECIAL POINTS OF INTEREST

Agriculture Business & Economics Club (ABEC) Trip

Students and advisors of ABEC will engage in an educational trip to New Orleans, Louisiana on Nov. 11 -13, 2010. The group will visit Cargill Corporation and other agricultural and agribusiness related outfits.

ABE Club Facebook Page

ABEC has recently established a facebook page. Please visit us and we invite you to become our friends.

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The Great Recession of December 2007-June 2009: How did it end?

by: Marla Thomas, Graduate Student, Agricultural Economics



In the previous two editions of the *Ag Econ Informer* we elaborated on the recession that inevitably affected all aspects of American life. We attempted to explain what a recession is, and several other aspects of it. In the past few weeks the official announcement was made that

one of the longest recessions in American history came to an end. The question for us in this edition is to briefly explain how it ended and what tools were used.

The government set out to accomplish two goals: *to stabilize the financial system* and to *mitigate the recession, ultimately re-starting economic growth*. The first task

was made necessary by the financial crisis, which struck in the summer of 2007 and spiraled into a financial panic in the fall of 2008. After the Lehman Brothers bank-ruptcy, liquidity evaporated, stock prices fell sharply, major financial institutions failed.

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Money Management Strategies for Young and Old

by: Teddrick Hargrave, Research Assoc., Agricultural Economics



Whether you are a student or a professional, managing your money should be of paramount importance to you. There is no doubt that we all should look at our investing goals because it will influence the quality of our life during the years when we

are least able to earn income. We should know what type of



investment vehicle is best for

us. First, let's define saving and investing. Normally, saving is a short term engagement and investing is a longer term commitment.

Saving goals often include major purchases such as a car, down payment for a home, college tuition, major vacation, etc.

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Why Major in Agricultural Economics?

by: Dr. Maribel Mojica Ph.D., Research Asst. Professor, Agriculture Economics



One out of six jobs in the United States is related to the food and fiber industry. Agricultural economists are needed in all economic activities supporting farm production, such as machinery and fertilizer production, food processing and manufacturing, transportation, and wholesale and retail distribution of food and fiber products. Ag economists are needed in various types of companies

such as advertising and marketing firms, government agencies,



financial institutions, food processing companies, etc.

Globalization and increased linkage to world market causes the need for well-trained

individuals to better manage the global system.

The food and fiber industry accounts for about 12 % of the nation's output. Graduates in Ag Econ are essential to the U.S. economy.

Jobs upon graduation.

Students graduating with a degree in Agricultural Economics enjoy a high placement rate after graduation and an average starting salary of around \$39,000.

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“Buy land, they’ve stopped making it…”

by: Evgenia Mekka, Graduate Student, Agricultural Economics



Mark Twain once said "Buy land, they've stopped making it." Land always was and continues to be a very important asset for people all over the world. It provides food for humanity and stores water and other natural resources. It is a base for social and industrial development, and we consider it a major factor of production and even as property. Land is a finite resource which seems always to be getting smaller over time because of the serious problem of population growth. Right now the rural economy in most countries produces the vast major-

ity of food for the ever expanding population.

This increasing demand for food produced on the dwindling supply of land is luckily being met by



biotechnological progress and increasing land productivity. The recent world financial and food crises created problems in the land and real

estate markets. Also, the recent concerns about energy supplies have increased the demand for corn to be used as a source of ethanol. This has caused a drastic increase in the price of corn and has caused rapid inflation in the value of agricultural land. One recent phenomenon also is that with globalization and the rise in food prices, some food-importing countries have started to buy land in developing countries to outsource their own food production in order to assure their local population of safe and adequate food supplies. Considering that Land and Real Estate are good investment vehicles, would you invest your money in them at this point of the business cycle?

Russian Drought, Wild Fires and Wheat Exports: Impact on Wheat Producers

by: Alena Funtikova Ph.D., Visiting Assistant Professor, Agricultural Economics



On my recent visit to Russia this past summer I noticed several interesting developments in the economic landscape of the country. One the most fascinating was the tragic development taking place in the wheat industry. Russia is one of the leading wheat producers and exporters in the world. During the summer it had to cut its grain harvest forecast by millions of tons. This was because of the worst drought the country had seen in many decades. Also, it experienced one of the worst droughts in history in which 20 percent of its arable land (24.7 million acres) was scorched by a heat wave and wild fires. In 2009, there was a strong harvest of 97 million tons of wheat produced and for 2010 the forecast has been reduced to 85 million tons. Russia also exported

21.4 million tons of grain and observers have already warned that this amount will be sharply lower this year because of the drought. There is also the warning that in a worst-case



scenario, exports could nearly halve this year, to about 11 million ton. The severity of the drought has seen states of emergency declared in 27 Russian regions, including part of the famed black earth region where the soils are famous for their richness. The agriculture ministry in Russia has also started selling grain from its intervention fund to the Russian regions which have suffered most from

the ongoing drought. Concerns about Russia - coupled with a drought that has also hit Ukraine and Kazakhstan as well as a low harvest in Canada – which provide about a quarter of the global wheat supply are expected to fall about 60% over last year. Interestingly however, global supplies from other countries, including the US are more than enough to compensate for the Black Sea shortfall. Notwithstanding, global wheat prices have already spiked in recent months. Russia eventually plans to boost its market share over the next years by modernizing infrastructure, in particular storage silos, and exploiting land that was left fallow under the Soviet Union. It has been aiming to more than double exports to 40-50 million tons a year by increasing supplies to countries in Africa, Asia and Latin America. It is hoped that the recent setbacks will not abort the expansion plans.

The Great Recession of December 2007-June 2009: How did it end? (cont'd. from pg. 1)

The Federal Reserve took a number of extraordinary steps to control the financial panic. In late 2007, it established the first of what would eventually become a series of new credit facilities designed to provide liquidity to financial institutions and markets. The government aggressively lowered interest rates during 2008. It engaged in massive quantitative easing in 2009/2010, purchasing Treasury bonds and other securities to bring down long-term interest rates.

The FDIC also worked to stem the financial turmoil by increasing deposit insurance limits and guaranteeing bank debt. Congress estab-

lished the Troubled Asset Relief Program (TARP) in October 2008, to inject much-needed capital into the nation's banks.

The Treasury and Fed ordered the 19 largest bank holding companies to conduct comprehensive stress tests in the spring of 2009, to determine if they had sufficient capital to withstand further adverse circumstances and to raise more capital if necessary. After the results were made public, the stress tests and subsequent capital raising restored confidence in the banking system. The effort to end the recession and jump-start the recovery was also built around fiscal stimu-

lus measures.

Tax rebate checks were mailed to lower and middle-income households in 2008; the American Recovery and Reinvestment Act and smaller measures were passed in 2009/2010. Altogether, close to \$1 tril, (7%) of GDP will be spent on fiscal stimulus. It has done what it was supposed to do: end the Great Recession and spur recovery. Yet, almost every one of these policy initiatives remain controversial to this day, with critics calling them misguided, ineffective or both. What do you think?



Money Management Strategies for Young and Old (cont'd. from pg. 1)

Most savings should be kept in low volatile accounts such as a high yield savings account at an online bank or in a CD.

Common investment goals include longer term goals such as retirement, keeping pace with inflation, and other long term goals. You can probably take on a little more risk for an intermediate length investment.

Find an investment vehicle: After determining your investment

goals you need to find an investment vehicle that meets your needs. There are many specific investing plans that have tax breaks or other incentives that make them worthwhile to use.

Open an investment account: Once you determine your investment goals and which investment vehicle you will use, you should open an investment account. This could be as simple as enrolling in a 401k at work.

Stocks, bonds and funds, oh my! The options are endless!: Before becoming overwhelmed by the number of investment options, take a hard look at your investment goals and eliminate anything that won't help you meet your goals. In our next edition of the *Ag Econ Informer*, I will address other investment options in simple user friendly ways. See you then!!!



Why Major in Agricultural Economics? (cont'd. from pg. 1)

Internship Opportunities. Internships are readily available to interested students where you apply what you have learned, develop your skills, gain hands-on training, and build contacts in the industry.

Who Hires Ag Econ Graduates?

These firms range from grocery stores, financial institutions to food processors, etc:

Cargill Inc.; ConAgra Foods
Deere & Co.; Dow Agrosciences
Farm Credit Services;
Hormel Foods;
Kraft Foods and Company
Land O'Lakes; Philip Morris
Prudential Financial
Sanderson Farms; Sygenta Seeds

Tyson Foods
U.S. Department of Agriculture

Potential Jobs

Marketing Specialist
Agricultural Sales Representative
Financial Specialist
Agricultural Supply Manager
Commodity Merchandiser
Consumer Brand Manager
Store Supervisor/Loan Officer
Food Manufacturing Sales Representative
Researcher/ Scientist / Teacher

What Students Say About the Program

"The professors are very knowledgeable and nice. I feel very comfortable

asking questions inside and outside the classroom. They are also very much concerned about our future endeavors".

Marcus Griffin
Sophomore

"The program definitely prepares us for the real-world. Internships and other hands-on trainings are available to Ag Econ students".

Marla Thomas
Graduate Student

"There is a friendly environment in the group. It's like a family here. I can share my problems and concerns and I feel comfortable with people here".

Minnie Otis

Agricultural Economics Summer Interns 2010



Johnalynn Frye
Rural Development
Natchez, MS

USDA - Rural Development

“I was delighted to have been offered an internship in summer 2010 with the Rural Development Agency in the Natchez Area Office. Though at first the experience was challenging, once I started working and learning the different programs it was such a natural flow, **Johnalynn Frye**, Graduate Student, Agricultural Economics says.” “My duties at the agency were to meet and greet the clients, make direct phone calls, pull and discuss credit reports, assist in pre-qualifying and discuss various loan options with clients.”



Henry Anderson
Rural Development
Kosciusko, MS

USDA-NRCS

“My summer experience was truly a wonderful one! I had the opportunity to work for the NRCS (Natural Resource Conservation Service) in the beautiful state of Kansas, **Marcus Griffin**, Sophomore, Agricultural Economics says.” “The NRCS is a government agency that assists farmers, land owners, etc., to implement practices which in return will help people help the land (conserve the land).” “The job was very exciting, especially working with the people.” We traveled to the land of several farmers’ and assisted in building terraces (a method used to avert erosion), waterways, ponds (for livestock) and other soil conservation techniques. “I gained much knowledge which I am sure will help in my future endeavors and I am sure that the NRCS is a great career for anyone.”



Marcus Griffin
USDA - NRCS
Ottawa, KS



Lance Carroll
Forest Service
Hot Springs, VA

Cargill

“My summer experience with Cargill at Reserve Louisiana was a rewarding experience, **Ansley Hudson**, Senior, Agricultural Economics says. Working at Cargill this summer taught me a lot about leadership, behavior, and adapting to the work environment. Cargill was a very exciting place to work, because the people that were around me taught me many things that I needed to know about the company. It’s all one team at Reserve and they pulled together and gave me great knowledge about Cargill. I am looking forward to pursuing my career with Cargill.”



Brenard McKenny
Cargill Inc.
Reserve, LA



Ansley Hudson
Cargill Inc.
Reserve, LA

Editorial



It is a pleasure to continue sharing economic and related thoughts as well as some of the success stories of our Agricultural Economics program with you. Our faculty, staff and students are committed and will continue to engage in pertinent discussions of contemporary issues that affect the quality of life of the people and communities that we earnestly serve. It is our hope that you will find this edition of the *Ag Econ Informer* substantive and enlightening.

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Information in this newsletter were compiled from various databases such as USDA-NASS, the Wall Street Journal and other public sources.