The Giannini Foundation of Agricultural Economics was founded in 1930 from a grant made by the Bancitaly Corporation to the University of California in tribute to its organizer and past president, Amadeo Peter Giannini of San Francisco. Members and associate members of the Giannini Foundation are University of California faculty and cooperative extension specialists in agricultural and resource economics on the Berkeley, Davis and Riverside campuses. The broad mission of the Foundation is to promote and support research and outreach activities in agricultural economics and rural development relevant to California.

The Giannini Reporter is a biennial summary of the activities of the Foundation and its members. For more information on the Giannini Foundation, please visit our Web site at http://giannini.ucop.edu. Many of the publications in the Foundation’s Monograph, Research Report and Information Series are now available for downloading in pdf format from the Web site.

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Members and Associate Members of the Giannini Foundation

Berkeley

Peter Berck, professor. Environment, renewable resources, water economics, portfolio choice, risk and futures.

Alain de Janvry, professor. Agricultural policy and rural development in the Third World, including price policy, technological change, land reform, integrated rural development projects.


J. Keith Gilless, professor. Forest economics, management, wildland fire management, regional economics, and forest industries and trade.

George E. Goldman, Cooperative Extension economist. Estimation of the local economic impacts of resource use and state and local government policy, local government finance, economic development, economics of land use.

W. Michael Hanemann, professor. Valuing natural environments, pollution control policy, water resources, economic policy, agricultural, urban, and stream values of water, fisheries, public finance.

Ann Harrison, professor. Trade policy, foreign investment, globalization, developing countries.

Guido W. Imbens, professor. Econometric theory, applied econometrics, program evaluation.

Larry S. Karp, professor. International trade policy, industrial organization, environmental and resource economics, and dynamic games.

Jeffrey T. LaFrance, professor. Agricultural policy, econometrics, microeconomic behavior and natural resources.

Ethan Ligon, associate professor. Growth and development, agricultural contracts, applied econometrics, information and uncertainty.

Richard B. Norgaard, professor. Ecological, energy, environmental, resource and development economics.

Jeffrey M. Perloff, professor. Industrial organization, labor, international trade, law and economics, information and marketing.

Gordon C. Rausser, Robert Gordon Sproul Distinguished Professor. Collective decision making, quantitative models, environmental economics, law and economics, industrial organization, commodity futures markets.

Jeffrey M. Romm, professor. Resource and environmental policy; distribution, economic growth and environment; forest, river basin and water institutions.

Howard R. Rosenberg, Cooperative Extension economist. Agricultural labor management in relation to federal and state law, labor markets and production technology; farm employment and worker contracting issues including selection, supervision, training and compensation.

Elisabeth Sadoulet, professor. Economic development, agricultural policy, rural institutions, contract theory.

David L. Sunding, Cooperative Extension economist. Agricultural policy, water allocation, pesticide regulation, endangered species, technology development and adoption.

Michael Ward, assistant professor. Environmental and resource economics, econometrics and microeconomic theory.

Brian D. Wright, professor. Economics of markets for storable commodities, agricultural policy, the economics of research incentives, economics of conservation of biodiversity, economics of intellectual property rights, dynamic analysis of patenting of research inputs, the theory of commodity price behavior and speculation, and crop insurance.

David Zilberman, George and Elsie Robinson Professor. Agricultural, water and environmental policy design; economics of technological change; the agricultural resource base.

Davis

Julian M. Alston, professor. Agricultural policy, agricultural markets, agricultural research and development, demand analysis, international trade.

Steven C. Blank, Cooperative Extension economist. Financial management, risk analysis, management methods.

Stephen R. Boucher, assistant professor. Development economics, economics of agrarian contracts.

L.J. (Bees) Butler, Cooperative Extension economist. Dairy and poultry marketing, food and agricultural policy, market structure and technological change, intellectual property rights.

Michael R. Caputo, professor. Microeconomic theory, natural resource economics.

Hoy F. Carman, professor. Agricultural marketing, impacts of taxes on agriculture.


James A. Chalfant, professor and chair, Department of Agricultural and Resource Economics. Econometrics, agricultural marketing and demand analysis, risk and uncertainty, agricultural production and supply, environmental economics.

Y. Hossein Farzin, associate professor. *Microeconomic theory, risk and uncertainty, environmental and natural resource economics, development economics.*

Rachael E. Goodhue, assistant professor. *Agricultural marketing and organization, agricultural policy, market learning, industrial organization, environmental economics.*

Richard D. Green, professor. *Econometrics, demand analysis, price analysis.*


Dale M. Heien, professor. *Agricultural market analysis, world wine and grape economy.*

Richard E. Howitt, professor. *Resource economics, optimal dynamic policies, value of information, sectoral analysis, water allocation.*

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J. Edward Taylor, professor. *Agriculture in economic development, population and human resources, applied econometrics.*

James E. Wilen, professor. *Natural resource economics, environmental economics, microeconomics.*

Jeffrey C. Williams, Daniel Barton DeLoach Professor. *Commodity markets, financial markets, mathematical programming, econometrics, economic history.*

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**Riverside**

Linda M. Fernandez, assistant professor. *Natural resource economics, international trade and transboundary pollution, environmental policy analysis.*

Keith C. Knapp, professor. *Water resource economics, natural resource and environmental aspects of agricultural production, economic growth, natural resources and sustainability.*

Kurt A. Schwabe, assistant professor. *Economics of nonpoint source pollution, nonmarket valuation, deforestation in developing countries, alternative regulatory instruments for pollution control, applied econometrics.*

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Henry J. Vaux, Jr., associate vice president, Division of Agriculture and Natural Resources.

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**In Memoriam**

J. Herbert Snyder

Henry J. Vaux
Giannini-Sponsored Research Projects

Since July 1983 the Foundation has awarded funds for research projects on a competitive basis according to the following criteria:

* The research should address a problem faced by California agriculture or national resource systems now or in the future;
* The research should have a high probability of increasing understanding of a California agricultural or natural resource problem;
* The research should contribute to the ability of university academic staff to undertake further research in the subject area;
* The research should present results needed by policy makers.

A list of research projects since the 2000-01 academic year follows. Foundation members’ last names are italicized. To inquire about publications stemming from these projects, contact the principal investigators directly. Foundation members are listed by campus in this Reporter. In many cases the research is not complete, so publications may not yet be available.

### Projects Funded for 2000-2001

- Beggar-thy-Neighbor Generic Advertising—Theory and Application to California’s Mandated Commodity Programs, Julian M. Alston
- An Economic Analysis of California Retail Milk Prices, Hoy Carman
- The Methyl Bromide Ban and the California Strawberry Industry, James A. Chalfant and Rachael E. Goodhue
- Dynamic Water Regulation under Uncertainty and Endogenous Learning, Larry Karp and Jiangfeng Zhang
- Incentives and Quality for Processing Tomatoes in California, Ethan Ligon
- Immigration and the Changing Face of Rural California: Focus on Coastal California (2000) and the Imperial Valley (2001), Philip Martin and J. Edward Taylor
- Production, Costs and Regulation in U.S. Fisheries: The Case of the North Pacific Salmon Fishery, Catherine Morrison Paul and Tian Xia
- Sustainable Policymaking within a Complex Physical-Economic-Political System, Gordon C. Rausser, Rachael E. Goodhue, Richard E. Howitt and Leo Simon
- The Revolution in the Almond Industry through Electronic Trading, Jeffrey Williams
- Solutions for Intellectual-Property and Technology Market Failures in Agricultural Biotechnologies: The Market Expanding Role of Information in the Internet Economy, Brian Wright
- Public-Private Partnerships and Proprietary Agricultural Biotechnology, Eran Binenbaum and Brian Wright
- Adoption of Information Technology in California Agriculture, David Just and David Zilberman

### Projects Funded for 2001-2002

- The Payoff to UC Pest Management Research and Extension, Julian M. Alston and Daniel A. Sumner
- The Full Economic Consequences of Generic Advertising: Theory and Application to California’s Mandated Marketing Programs, Julian M. Alston
- Adoption, Diffusion and Profitability of Biotechnology: rBST in California, Leslie J. Butler
- Economic Impact of Agricultural Tariff-Rate Quotas: Implications for California Agriculture, Colin A. Carter
- Optimal Design of Bio Reserves, J. Keith Gilless
- Defining and Protecting California’s Rural Amenities, Rachael E. Goodhue and Karen Klonsky
- Residential Water Use in Los Angeles, W. Michael Hanemann
- Estimating Environmental Indices for California Agriculture, George Judge and Larry Karp
- The Impact of Cointegrated Prices on Demand and Policy Analysis, Jeffrey T. LaFrance
- Immigration and Changing Face of Rural California: Findings in the 2000 Census, Philip Martin and J. Edward Taylor
- The Effect of Marketing Orders and other California Laws on the Welfare of Milk Consumers, Jeffrey M. Perloff
- China: Market or Competitor of California in World Food Trade, Scott D. Rozelle
- Economic Effects of Domestic Subsidy and Trade Barriers with Differentiated Goods: Processed Tomato Products in the European Union, Daniel A. Sumner
- Agriculture in the WTO: Prospects and Consequences for California, Daniel A. Sumner
- Increasing California Water Supplies through Joint Operation of Surface and Groundwater Storage Facilities, David Sunding
- Intellectual Property Provisions in Public Private Partnerships in Agriculture Biotechnology, Brian Wright
- Adoption of Information Technology in California Agriculture, David Zilberman


Abstract


This study uses cost and revenue data from the USDA/GIPSA (packers and stockyards) survey of U.S. beef packing plants to analyze their cost structure, with a particular focus on measures of cost (utilization, scale and scope) economies and market power. The analysis is based on a cost function model, with profit maximization over cattle purchases, and fabricated, slaughter, hide, and byproduct production incorporated. Estimated market power parameters facilitate evaluation of output price markups and input (cattle) price markdowns due to monopoly and monopsony power. Regional, firm, monthly and structural differences are accommodated as fixed effects. Overall, negligible evidence is found to support monopsony behavior. The only substantive indication of market power appears in the output market for fabricated products. Measured technological cost economies also support any observed market power, in the sense that they cause marginal costs to be significantly lower than average costs. This suggests that enhanced efficiency of larger and more diversified plants more than compensates for any potential associated market power.
**Research Reports**

The Research Report Series is designed to communicate research results to specific professional audiences (e.g., agricultural industry economists, resource agency staffs and other professionals) interested in applications. Such reports have significant analytical content but are developed and presented with this audience in mind.


*No. 345. **California Agriculture: Issues and Challenges** by J. B. Siebert, ed., 1997

**Information Series Reports**

The purpose of the Information Series is to communicate selected research results to a lay audience. The Information Series, initiated in 1963, is numbered serially within years.


**Giannini Foundation Special Reports**

The Special Report provides an outlet for items worthy of publication but not fitting into one of the regular series.


No. 91-1. **Hired Hands in California’s Fields** by V. Fuller, 1991.
Awards and Honors Received by Giannini Members, 1999-2001


Julian Alston, outstanding alumnus, North Carolina State University, Department of Agricultural and Resource Economics, 2000.


Steve Blank, Western Agricultural Economics Association, president-elect in 2000-01.


Michael Hanemann, chair of the Organizing Committee for the Second World Congress of Environmental and Resource Economics, to be held in Monterey, CA., June 2002.

Peter H. Lindert, UC Davis Prize for Teaching and Scholarly Achievement, 1999.

Peter H. Lindert, Economic History Association, president-elect, 2001-02.

Alex McCalla, fellow of the Canadian Agricultural Economics Society, 2000.

Alan Olmstead, Alan Lloyd Fellow, Australian Agricultural and Resource Economics Society, 1999

Alan Olmstead, University of Zaragoza, Spain, distinguished scholar, 2001.


Gordon Rausser, USDA Secretary of Agriculture Award, outstanding accomplishments in the areas of agricultural public policy research and formulation, 2000.

Scott Rozelle, World Bank, most outstanding sector work award, for “Accelerating Rural Development in China,” 1999.

Scott Rozelle, Chancellor’s Fellow, award to outstanding associate professor, UC Davis, 2000.

Scott Rozelle, Chinese Agricultural Economics Association, first place, research award, 1999 and 2000.


Jeffrey Williams, American Agricultural Economics Association, outstanding graduate teacher, 2000.


Publications of Giannini Members, 1999-2001

Publications of Foundation members from mid-1999 through mid-2001 are listed below. Citations are grouped in several broad categories to assist users of the Reporter. For books, contact publishers for price and ordering information or check with your local bookstore or library. Journals and other publications referenced may be available at your nearest university or large public library. You may contact the authors directly to request reprints. The Foundation does not distribute reprints. The last names of Foundation members are italicized in the references below.

**Economic Development; International**


Human Resources; Community Development; Consumer Economics


**Marketing and Trade**


### Microeconomic Theory


**Natural Resources; Environmental Economics**


Policy


Production; Finance


**Quantitative Methods**


**Other**


**Articles in the ARE Update, 1999-2001**

The *Agricultural and Resource Economics Update*, was published quarterly from Fall 1997 through Summer 2001 by the Department of Agricultural and Resource Economics at the University of California, Davis. Currently, the *ARE Update* is published bimonthly under the auspices of the Giannini Foundation, with articles contributed by members of the foundation. Subscriptions to the *ARE Update* are free of charge and can be requested by e-mail by contacting julie@primal.ucdavis.edu. The purpose of the *ARE Update* is to provide information to a broad audience on important economic questions and issues in California.

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| Vol. 3, No. 4, Summer 2000 | | Wilen, J. E. "Putting Prices on Mother Nature."  
Blank, S. C. "Some Facts About Farmland Values."  
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