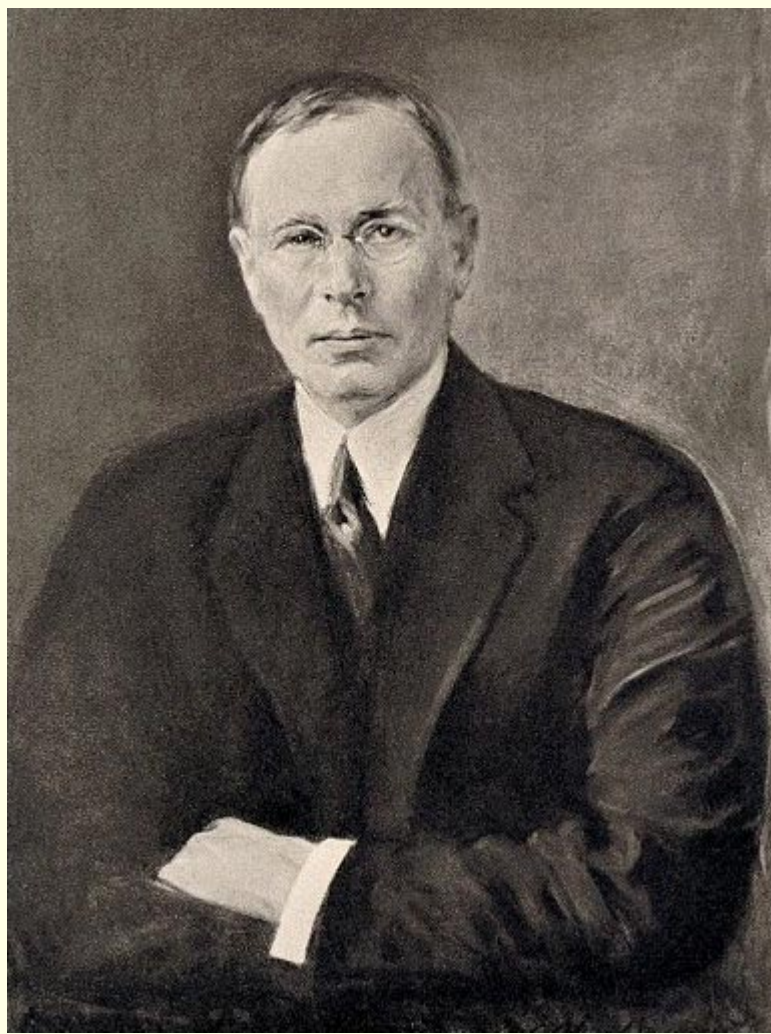


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Alexander Legge, Founder of Farm Foundation

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Alexander Legge 1866-1933

Alexander Legge was born on January 13, 1866, on a farm in Montrose Township, Dane County, Wisconsin. Legge's early life was modest, but adventurous. At age 10, his family moved to a ranch in Nebraska which he managed with his father. Later, he worked as a cowboy in Wyoming.

In 1891, Legge applied for a job as an apprentice claim collector with the McCormick Harvesting Machine Company branch office in Omaha. He was remarkably successful and within eight years was tapped to head the Chicago company's worldwide claims collection division. In 1902, when McCormick merged with five other leading farm implement manufacturers to form the International Harvester Company, Legge was promoted first to assistant manager of sales and then general manager of the new company.

Alexander Legge's business acumen was not unnoticed outside of Harvester. In 1917, he was selected as vice chairman of the War Industries Board by President Wilson. At the conclusion of the war, he was part of the mission developing the economic section of the Treaty of Peace at Versailles.

In 1922, Legge was elected president of International Harvester. He held this position until his death in December 1933.

Alexander Legge cared deeply about agricultural and rural people. From July 1929 - March 1931, he took a leave from Harvester and served as chairman of the Federal Farm Board under President Hoover. In this capacity, Legge tried valiantly to assist an agricultural sector which was overcome by the depression.

Legge's most enduring legacy is Farm Foundation. He donated his personal fortune to "...a foundation to be devoted to the general welfare of the farming population of the United States and improvement of the conditions of rural life." His gift is the heart of Farm Foundation's endowment.

Farm Foundation

Walter J. Armbruster, President
Steve A. Halbrook, Vice President

1211 West 22nd Street, Suite 216,
Oak Brook, Illinois 60523-2197
Phone: (630) 571-9393
Fax: (630) 571-9580

Visit Farm Foundation online at:
<http://www.farmfoundation.org>

Layout by David P. Ernstes, May 2001

An Enduring Legacy

2001 Annual Report



Farm Foundation's Mission

To improve the economic and social well-being of U.S. agriculture and rural people by helping private and public sector decision makers identify and understand forces that will shape the future.

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An Enduring Legacy...

Alexander Legge, cofounder of Farm Foundation, had a vision of a private agency to aid farmers and rural people. Mr. Legge's vision inspired Frank Lowden and others to come together in the middle of the Great Depression to establish Farm Foundation to act as a catalyst of public and private resources to promote the economic and social well-being of agriculture and the people of rural America. The vision and mission articulated almost seventy years ago, is an enduring legacy that guides the current leadership of Farm Foundation as we face the challenges and opportunities of the 21st century.

Farm Foundation has a legacy of visionary leaders from agribusiness, finance, transportation, production agriculture, media, retailing and the academic community. Earlier this year, Ann Veneman resigned from the Farm Foundation Board of Trustees to become the 27th Secretary of Agriculture. Ann joins six former trustees to serve the nation in this capacity and continues Farm Foundation's legacy of leadership to agriculture and rural America.

The initial gifts and bequests that formed the Farm Foundation trust in 1933 totaled about one million dollars. Over the years, the trust has been the primary source of funding for Farm Foundation programs, providing more than a million dollars annually for our operating budget



Allan R. Johnson
Chairman of the Board

in recent years. Today, as the result of good stewardship and a growing economy, the trust fund has a balance of about \$24 million. We take pride in our stewardship, which has maintained the purchasing power of the trust and funded hundreds of catalytic programs.

We are blessed by an enduring legacy of visionary leadership, pragmatic stewardship and a mission that is as relevant for the 21st century as it was for the depths of the depression. But legacy alone cannot guarantee future success. If we are to serve agriculture and the rural communities of today and tomorrow, we must harness the human and financial resources necessary to discover and understand the sources of change, and share this knowledge with private and public sector decision makers who will shape the future of agriculture and rural America.

Future Directions

Farm Foundation will continue to serve the needs of agriculture, the food system and rural communities by sponsoring a number of projects dealing with major issues on the public policy and private sector agendas. To assure that we stay relevant to evolving issues, we have re-examined our priority areas and focused attention on critical issues in future programs. We initiated dialogue with a number of professionals we have worked with over time to help us evaluate our priority areas, specific objectives under them, and specific, high priority topics for attention. This served as the basis for our trustees to consider and amend each of the priority areas, identifying objectives, topics for exploration, and high priority topics for next year's programs.

We will develop specific projects focused on our high priority topics such as biotechnology, food safety, environmental regulations and the changing structure of agriculture and related institutions. We will continue to work with a number of organizations and individuals on a range of topics. We will develop approaches to assure that we have projects generating



Walter Armbruster
President

research results, creating communications about the implications of those results, and fostering policy dialogue with agricultural, agribusiness, rural community, and other interest group leadership to make a difference for agriculture and rural citizens.

We believe that the opportunities are many, the need is great, and the challenges set the stage for Farm Foundation to continue to be a catalyst for attention to emerging issues affecting agriculture and rural communities.

Operating Vision

Vision and Mission. Farm Foundation strives to be a widely recognized, objective and respected catalyst to increase the productivity and competitiveness of U.S. agriculture and improve the quality of life in rural America. Farm Foundation's mission, to improve the economic and social well-being of U.S. agriculture and rural people, is implemented through our Strategic Plan. It articulates the objectives of our founders in the context of the 21st Century.

We accomplish this vision by employing Farm Foundation's special strength in promoting understanding of relationships between natural resources, human capital, technology, institutions and society. Its unique contributions are in stimulating research on emerging topics, fostering education programs drawing on those research results and encouraging policy dialogue on the public and private sector issues involved.

Program Objectives. Farm Foundation programs are designed to:

- Identify the forces of change that will shape the future;
 - Stimulate research and education that increase human capital and build a body of knowledge on the forces of change and on the issues flowing from them;
 - Foster informed dialogue to increase understanding of opposing views and move toward consensus on important public issues and policies; and
 - Build networks that apply improved economic and human capital development for U.S. agriculture and rural people.
- Priority Areas.* Farm Foundation programs focus on the following subject matter priority areas:
- **Globalization.** Global markets for agricultural commodities and food products are changing structural linkages among farms and ranches, and agribusiness and rural communities.
 - **Environmental and Natural Resource Issues.** Understanding society's interests in environmental quality and natural resources is critical to resolving conflicts over resource use and the sustainability of production agriculture.
 - **New Technologies.** Innovations in technologies are profoundly changing agriculture, the food system and rural communities.
 - **Consumer Issues.** Consumer tastes determine what foods are produced, how they are processed, and where or how they are sold.
 - **Role of Agricultural Institutions.** A changing agriculture requires public and private institutions that are resilient and are adaptable to new opportunities.
 - **Rural Community Viability.** Rural leaders face critical decisions as their communities adapt to the industrialization of agriculture, information age technologies and demographic change.

We update our Priority Area Action Plans regularly so that our programs continue to address the current critical issues faced by private and public decision makers. Our most recent description of these priority areas, objectives, and topics for exploration can be found on our web page (www.farmfoundation.org).

Program Strategy. Farm Foundation is an operating rather than a grant-making foundation which takes a proactive leadership role in developing the projects it sponsors. Farm Foundation's chief assets are its legacy, reputation for objectivity, and flexibility. We act as a catalyst to increase knowledge about agricultural and rural issues; apply that knowledge through education programs; develop human capital; facilitate interaction about emerging issues; explore policy alternatives; and facilitate communication.

Farm Foundation's strength as a catalyst is our emphasis on current and emerging issues with the potential for long-term impact. Linkages with business and policy leaders, government officials, and educators brings disciplinary knowledge to bear on our priority areas and allows them to explore strategies and policy options. The results provide a solid basis for informed private and public sector decisions.

Project Reports. Highlights of recent projects are presented in the following pages by priority area. More detailed reports on many projects can be found in the publications and Internet sites referenced here.

Following the project reports are summaries of staff leadership activities, Farm Foundation's Bennett Agricultural Round Table, financial reports and contributions, and a list of recent publications and project Internet sites.

Global markets for agricultural commodities and food products are changing the structural linkages among farms and ranches, agribusiness and rural communities. Farm Foundation's Globalization Priority Area projects in 2000-2001 included:

Mexico/U.S./Canada Trade Disputes Workshop. More than 60 academic, industry and government agency representatives from Canada, Mexico and the United States participated in this Tucson workshop, February 16-17, 2001. They addressed the extent to which multinational firms and structural changes are reducing the importance of domestic agricultural policy. This was the seventh in a series of workshops to explore the impacts of NAFTA on the North American food system. An executive summary has been distributed to private and public decision makers.¹ A longer proceedings volume will be printed later in the year.²

Agricultural Trade Information Website. In collaboration with Farm Foundation, the International Agricultural Trade Research Consortium (IATRC) and Pennsylvania State University have partnered to develop a web site³ dedicated to research and policy issues involving agricultural trade. Reports on conferences, research projects, and other activities related to agricultural trade are posted here for use by public and private decision makers and the academic community. As the next round of WTO negotiations and efforts to form and expand regional trading blocks get underway, this site will provide a one-stop location for people who want

background information on these important issues. If successful, this project will be a prototype for future Farm Foundation efforts to use the Internet to extend the information generated by other projects and activities to broader audiences and to decision makers.

Global Agricultural Trade in the New Millennium. This May 2000 conference in New Orleans evaluated expected changes in the trade environment and reassessed the

competitiveness of U.S. agricultural commodities and products. Discussion included upcoming WTO negotiations, impacts of regional trade agreements such as the EU and the proposed Free Trade Agreement of the Americas, and individual commodity trade issues. A briefing book of the abstracts of

conference papers was distributed to participants and key policy makers.⁴

Pacific Food Outlook. This year's edition of the Pacific Economic Cooperation Council (PECC) *Pacific Food Outlook* (PFO)⁵ presents a comprehensive assessment of the region's food system, providing an economy-by-economy review of the use of new food system technologies, including the use of biotech crops and information technology. It concludes that the key to their success will be the skill and vision with which the Pacific economies are able to implement new technologies in the interests of producers and consumers alike. A report on this project appeared in the December 2000 edition of *Agricultural Outlook*⁶ published by USDA's Economic Research Service focusing on the impact of technology on the Asia Pacific Economic Cooperation (APEC) region food system.

The Agricultural Trade Information Website (www.agtrade.org) will be a one-stop location for people interested in agricultural trade issues.

Global Food Trade and Consumer Preferences. How is consumer demand for quality food products influencing global food trade? This was the subject of a workshop held June 26-27 in Montreal sponsored by Farm Foundation and USDA's Economic Research Service, and organized by IATRC and regional research committee NE-165. Over 100 trade economists examined ways that consumer demand for quality attributes in food is changing trade patterns and shaping food production around the world.

The workshop was organized around three case studies:

- Implications of rising consumer concerns about animal welfare, particularly in the European Union, for production and trade in poultry products.
- Lessons for food safety based on how the Guatemalan raspberry industry responded to outbreaks of Cyclosporiasis in North America.
- How the Uruguay beef industry has marketed their traditional pasture-raised product to the European Union as hormone-free beef.

These case studies show how industries are taking advantage of tradition, chance, government regulatory plans, comparative advantage and serendipity to respond to consumer preferences. These case studies, other papers, and synopsis of workshop discussion will be published in an upcoming book.

Tariff Rate Quotas in Agriculture. The WTO agreement converted many quotas and other market access barriers to tariff rate quotas (TRQ's), with the idea that these prohibitive tariffs would be reduced over time. However, the agreement did not include detailed provisions for administration of TRQ's. This conference was designed to examine early experience with TRQ's, how they are being administered and how they are impacting trade flows. Farm Foundation worked with IATRC to commission a series of papers on TRQ's which appeared in the April 2000 edition of the *Agricultural and Resource Economics Review*⁷ The papers have served as the basis for several conferences

Over 100 trade economists examined ways that consumer demand for quality attributes in food is changing trade patterns and shaping food production around the world.

and workshops over the past year.

Challenges in Agricultural Trade Under CUSTA. Farm Foundation partnered with The Northern Plains Trade Research Center (NPTRC) at North Dakota State University to sponsor this October 26-27, 2000, conference in Fargo, North Dakota. It focused on emerging issues in agricultural trade between the United States and Canada under the Canada/United States Trade Agreement (CUSTA). Specific themes were: (1) changes in trade patterns, (2) the impact on bilateral agricultural trade, (3) evolution of the U.S. and Canadian marketing systems, (4) major issues for future commercial integration, (5) recent developments in the U.S. and Canadian transportation systems, and (6) trade disputes and negotiations. A short conference summary was published in December.⁸

Environmental Issues

One of the hallmarks of Farm Foundation's operating style is supporting projects which increase understanding of policy issues, options and consequences. These eight projects are examples of our work in the Environmental and Natural Resource Issues Priority Area:

Seeking Common Ground for Conservation. With the support of Farm Foundation, the W.K. Kellogg Foundation, and the USDA-Natural Resources Conservation Service, the Soil and Water Conservation Society (SWCS) initiated a two-year project to help key stakeholders and policymakers shape the conservation provisions of the 2002 farm bill. The intent is to help key state and local leaders identify changes needed in U.S. agricultural conservation and environmental programs, help translate those ideas into proposals for incremental and large-scale change in the conservation provisions of the 2002 farm bill, and communicate the meaning and importance of the proposals to policymakers and opinion-leaders. The project has conducted five regional workshops. A *Seeking Common Ground for Conservation Briefing Book* was developed and distributed to workshop participants. The SWCS website⁹ includes the project description, downloadable copies of project publications, and summaries of each workshop.

American Environmental Review. A television spot in the *American Environmental Review* series focusing on urban sprawl and agriculture was created with Farm

Foundation funding and participation and was distributed nationwide to PBS stations in June 2000. Tracking information indicates that the *American Environmental Review* series reached over 79 million public television households, representing well over half of the public television households in the United States. Many public television stations reported using the *American Environmental Review* series from two to five times each week, with some using it as many as 10 - 15 times during peak and prime time. While tracking is only for the entire series rather than for individual program segments, no more than 20 stories are provided to the public television stations each month. Hence, it is estimated that each one has multiple airings on public television stations throughout the country.

Project Food Land and People. Farm Foundation continued its long-term involvement with Project Food, Land and People (FLP). This effort to bring greater understanding of agriculture to K-12 schoolchildren and the public has gained momentum in recent years. FLP has published high quality educational materials that are gaining access to school curricula across the country.

Educators have praised the content and curriculum materials. FLP also has conducted seminars at its new headquarters at the San Francisco Presidio to develop support for

its programs and build bridges to the environmental community and the general public.

International Institute of Fisheries Economics and Trade (IIFET) Conference. Farm Foundation provided support for the IIFET 2000 conference which attracted approximately 550

House and Senate Agricultural Committee staff interest in the "Seeking Common Ground for Conservation" project findings has been greater than expected.

researchers, industry members and resource managers from 46 countries. Program details and copies of papers are posted on the conference website.¹⁰ The conference met the organizers' objective of increasing human capital by sharing knowledge among many disciplines from around the world. Alternative views on how best to manage the world's natural resources and incorporate aquaculture were discussed. The conference resulted in the formation of the North American Association of Fisheries Economists.

Agricultural Policy Project. Farm Foundation joined the W.K. Kellogg Foundation to cosponsor a Henry A. Wallace Institute project on grass-roots input into agricultural and environmental policy in the debate over the next farm bill. The project will target smaller farmers, farmers interested in organic and other alternative production systems and others with interests in the relationship between agricultural production and environmental quality. Farm Foundation sponsored project planning and the involvement of agricultural economists to help set the project parameters. A final set of recommendations will be published in May 2001 and distributed to key private and public decision makers. The project website¹¹ includes further information.

International Symposium on Society and Resource Management. This periodic symposium allows social scientists and federal and state land management agencies to exchange research knowledge on emerging environmental and natural resource issues. Farm Foundation's scholarships helped 40 graduate students to attend the 8th symposium held June 17-22, 2000, in Bellingham, Washington. The symposium is the only professional meeting devoted solely to social science research on resource management issues. One outcome has been the development of *Society and Natural Resources*, an academic journal that has grown to eight issues a year.

Land Use Values and Planning. Farm Foundation continued its recent emphasis on land use issues through a symposium on land use competition, planning and valuation. Held May 18-19, 2000, in Athens, Georgia, it attracted social scientists and land use planners from across the southern United States. The proceedings, to be pub-

lished by the Southern Rural Development Center, will add to the growing body of knowledge about valuing and planning land use at the rural-urban fringe. Evaluations by attendees were very positive. One group used the symposium to develop a program for the Southern Agricultural Economics Association's annual meeting.

Congressional Staff Briefings for the Farm Bill. The first in a series of staff briefings on farm bill issues was held February 26, 2001, in Washington, D.C. Over 60 staffers from congressional

Most of the congressional staffers attending the background briefing indicated that they had never been involved in a farm bill.

offices attended the day-long briefing conducted by leading economists and journalists from academia, government agencies and the business

community. These briefings are important because of the turnover in congressional staff. Most attendees indicated that they had never been involved in a farm bill. Farm Foundation and the Congressional Research Service partnered to develop this event. Other briefings are planned throughout the year.

New Technologies

The first generation of agricultural products from biotechnology are now staples in the marketplace. The second generation is on the horizon. New inventions and technologies will profoundly change agriculture, agribusiness and rural communities. Projects sponsored this year included:

Biotechnology - Roadmap to the Future. A March 2000 conference¹² sponsored by the Pacific Basin Economic Council in Honolulu, Hawaii, addressed WTO rules, the Bio-Safety Protocol, and the emerging regulatory framework for trade in Genetically-Modified Organisms (GMOs). An edited video helped communicate information about biotechnology to Pacific Rim policy leaders involved in the Asia Pacific Economic Cooperation (APEC) ministerial meeting in the fall of 2000, in Brunei, Darrusalam. The goal was to enhance general understanding throughout the Asian Pacific region of the potential benefits and promise of biotechnology and to help develop recommendations for governments, businesses, and inter-governmental organizations on steps needed to reap the benefits of biotechnology, while dealing with consumer concerns and protecting the environment. This conference was a continuation of efforts initiated in April 1996. Farm Foundation cosponsored with the

APEC Study Center a meeting in Kohler, Wisconsin, where initial discussions took place among agriculture and food industry representatives on prospects for food and agricultural trade in the Pacific Rim countries. Subsequent work has evolved into the adoption of an APEC Food System resolution by the ministers.

Genetically Modified Organisms (GMO's) and the Food System. Farm Foundation is collaborating with the Kettering Foundation to develop a National Issues Forum™ publication to increase public understanding of GMO's and their place in the food supply. An issues framing session was held in February 2001. Educational materials will be tested in the summer and published in September 2001 as part of Kettering's National Issues Forum™ series. It should receive wide distribution through extension educators and other groups that use the National Issues Forum materials with citizens throughout the United States. A land use publication we produced with Kettering in 1999 is now in its second printing with over 15,000 copies in circulation.

2nd International Conference on GIS in Agriculture and Forestry. Over 500 people from 33 countries attended this conference to explore innovations in GIS technology for agriculture and forestry. Topics covered included agriculture remote sensing, geospatial information requirements, forest

“Our shared goal is improving public understanding of biotechnology and its potential contribution to providing more food more efficiently to the people in the APEC region, thereby lowering costs for consumers, and increasing wealth for all.”

--Ray Cesca, Biotechnology: Roadmap to the Future

The Biotechnology Communications Initiative will provide training to scientists to help them communicate about biotechnology to the media and the public in congressional hearings and other policy maker forums.

applications, natural resource management, pests and diseases, advances in data processing, assessing crop yield parameters, crop geospatial information gathering, agricultural site-specific management, and education and training. Attendees included federal and state government personnel, business leaders and university representatives. Conference proceedings are available from Veridian ERIM International Conferences, Ann Arbor, Michigan.

CAST Biotechnology Communications Initiative. Farm Foundation is cooperating with the Council on Agricultural Science and Technology (CAST) in a program to increase understanding

of biotechnology. This initiative will provide training to scientists to help them communicate about biotechnology to the media and the public in congressional hearings and other policy maker forums. Emphasis is on how to develop and disseminate a consistent message about biotechnology to a variety of media outlets, and develop

science-based position statements and explanations of biotechnology that can be understood by the public. Walter J. Armbruster serves on the advisory committee for this initiative which began with a series on media training sessions in the fall of 2000 and will continue through 2002.

Congressional Briefing on Biotechnology. Farm Foundation partnered with the Council on Food, Agricultural and Resource Economics (C-FARE) to brief congressional staff and other government personnel on biotechnology. This May 2000 briefing discussed innovative public and private strategies for biotechnology in the food sector to provide staff a better under-

standing of biotechnology and its impacts on the food system. Topics addressed included current and future biotechnology policy; and impacts on the market, supply chains, consumers, developing countries and the environment. An executive summary of the briefing was posted to the C-FARE web page.¹³

Employee Management of Technology in Animal Agriculture. New animal production systems require employees with the ability to interact with technology. Farm Foundation partnered with Kansas State University in a conference on employee management in animal agriculture. The conference, held August 10-11, 2000, in Wichita, Kansas, attracted 129 participants from 13 states. Participants examined innovative techniques for recruiting, training and retaining employees with the skills to utilize and manage technology-based animal production systems. A post-conference evaluation produced high marks for the conference. Over 70 copies of the conference proceedings were sold to people who could not attend. A follow-up conference is scheduled for summer 2001.

Consumer Issues

Consumer tastes determine what foods are produced, how they are processed, and where and how they are sold. Farm Foundation programs seek to understand the impacts of these preferences on the food system and the individuals and businesses that are a part of that system. Our projects this year included:

Food Forecast. The food system is changing from both the supply and demand sides. Food Forecast is a private-public collaboration to develop an intelligence system for the agri-food chain. Organized by a private consulting firm, this coalition includes the University of California-Davis, Bank of America, Farm Foundation, and a number of California and national commodity organizations. The objective is to examine changes occurring in the agri-food chain and develop an early warning system on consumer trends and the changes they may signal. The group considers issues ranging from international trade policy, to food safety, to consumer acceptance of GMO's. The insights of this group are used by industry executives as they plan future strategies for their companies. Secretary of Agriculture Ann Veneman was an active participant until her recent appointment.

Consumer Perceptions of Agriculture and the Food System. This survey of consumer attitudes about agriculture and the food system will be in the field during this summer. Farm Foundation is supporting this effort to replicate a

consumer preference survey that has been conducted twice before during the last generation. It will provide insights into how consumer attitudes have changed over time. The survey also will gauge consumer attitudes about new topics, including GMO's.

The American Consumer and the Changing Structure of the Food System. From processing and distribution to retailing and consumer attitudes, the structure of the food industry has significantly changed since the mid-1990's. USDA's Economic Research Service, in conjunction with seven cosponsors, hosted a conference May 3-5, 2000, in Arlington, Virginia. Then Secretary of Agriculture, Dan Glickman, made the

The objective is to examine changes occurring in the agri-food chain and develop an early warning system on consumer trends and the changes they may signal.

opening remarks, which were followed by "Eating in the 21st Century," a new 25-minute video that traced the eating patterns of Americans over the past century. A round table

discussed future trends in consumer demand and how the food industry will respond. More than 150 researchers, government staff, and industry representatives participated. Conference papers are being published in scholarly journals and popular periodicals.

Food Assistance and Nutrition Research Small Grants. USDA's Economic Research Service is the primary federal agency conducting research on government-sponsored food assistance and nutrition programs. To encourage research on these government programs, ERS sponsors "small grants" to researchers across the country. Farm Foundation has helped to bring these researchers together to present their findings and generate new ideas and

approaches. Approximately 75 people attended the Second Annual Small Grants Conference held at ERS October 19 and 20, 2000. ERS will publish a compilation of the research summaries presented. This spring, each of the five partner institutions is holding a mid-year workshop for the 2000 grant awardees to review research progress which should facilitate completion of reports for the October 2001 conference.

Rural Dimensions of Welfare Reform: A Policy Briefing and Research Synthesis. A policy briefing on the rural dimensions of welfare reform funded by Farm Foundation was organized by the Joint Center for Poverty Research and the Rural Policy Research Institute (RUPRI) and held on June 21, 2000, in Washington, D.C. It had the bipartisan sponsorship of Senators Charles E. Grassley (R-IA) and John D. Rockefeller (D-WV), and Representatives Eva M. Clayton (D-NC) and Jo Ann H. Emerson (R-MO). Over 100 people attended the briefing. An edited volume from this material will be published by Upjohn Press this summer. The final report will highlight four key findings. First, al-

though welfare caseloads and poverty have fallen and employment has increased in both urban and rural single-parent families, specific states and substate regions, show enormous variation in the structure of opportunities and in outcomes. Second, low-income people in rural areas generally face substantial structural barriers: fewer and lower-wage jobs, long distances to services and jobs, low automobile access in the face of significant distances and no public transportation, and lack of child care options. Third, while the informal economy is an important source of support in rural areas, welfare reform's work mandates do not recognize informal work. Therefore, rural residents in severely depressed regions have experienced economic hardship from losing welfare income without being able to replace it through work in the formal economy. Finally, welfare participants, employers, and welfare administrators have quite different views on why people participate in welfare programs and what prevents them from getting jobs. Welfare participants stress low wages, their own lack of education, and local child care availability as

major barriers to self-sufficiency. Employers stress the lack of soft skills, transportation, and child care problems and the lack of a "work ethic" among the welfare recipients.

Risk Assessment and Economic Regulation. Bridging the gap between regulatory analysis and risk assessment has become increasingly more important in public policy due to the complex array of supporting documents that the regulatory decision maker must consider. This December 7, 2000 interdisciplinary conference looked at various approaches to integrate economics with risk assessment in human, animal, plant, and environmental health regulation. Speakers from the fields of risk assessment, ecology, epidemiology, plant and veterinary sciences, economics, decision science, and public policy presented case studies. Discussions identified the strengths and weaknesses of these approaches. A white paper that critically evaluates the effectiveness of various methods for use in regulatory analysis will soon be available on the USDA Office of Risk Assessment and Cost-Benefit Analysis website.¹⁴

Rural labor markets have higher unemployment and less earnings growth than urban labor markets.

Agricultural Institutions

A changing agriculture requires public and private institutions that are resilient and adaptable to new opportunities. Farm Foundation sponsored the following projects to explore some of the challenges:

Policy Issues in the Changing Structure of Agriculture. In the summer of 1999, Farm Foundation brought together a group of academic, government and business economists to examine a variety of issues surrounding growing concern about the changing structure of agriculture. This dialogue resulted in a preconference workshop held in July 2000 in conjunction with the annual meeting of the American Agricultural Economics Association. More than 100 economists from across North America explored topics ranging from value chains and consumer preferences to antitrust, producer alliances and e-commerce. An executive summary¹⁵ was distributed broadly to private and public decision makers. Farm Foundation also funded an on-line moderated discussion group¹⁶ on these topics as a follow-up to the workshop to allow further exploration of the topics addressed.

National C-FAR. The National Coalition for Food and Agricultural Research (National C-FAR) held its inaugural meeting in Washington, D.C., on January 31, 2001. National C-FAR was formed to secure additional resources to fund high quality research and related outreach programs. Its focus will be on agricultural production

systems, natural resources and conservation, expanding agricultural markets, rural development, human nutrition, and food safety. The target is to secure \$1 billion of additional federal funding each year, for the next five years, to support research and extension programs. A broad-based coalition from the food, agriculture, nutrition, conservation and natural resource sector organizations is involved. Farm Foundation provided leadership and financial services to help facilitate its establishment. National C-FAR is a nonprofit, nonpartisan, stakeholder-driven, consensus-based coalition which will participate in planning and evaluating the impact of research activities.

Building Coalitions Between Agricultural Cooperatives and Land Grant Universities in the Biotech Age. With funding and facilitation from Farm Foundation, a group of land grant administrators started a dialogue with executives from a

The target of National C-FAR is to secure \$1 billion of additional federal funding each year, for the next five years, to support research and extension programs.

number of large agricultural cooperatives about how they might partner to participate in the biotechnology revolution. This effort has continued for over two years, after a number of cooperatives and land grant universities contrib-

uted funding to facilitate initial planning for a research consortium. While the most ambitious plans have not materialized, the group continues to serve as a means of networking and communications among these important agricultural institutions.

Leadership for Higher Education in Agriculture. Farm Foundation cosponsored and participated in the first conference of the Global Consortium of Higher Education and Research for Agriculture in the summer of 1999 in Amsterdam, The Netherlands. The conference attracted attendees from universities around the world and provided

It is becoming harder for some cooperatives to remain competitive with investor-owned firms because they do not have the option to raise capital for expansion from outside investors.

a successful forum for launching the global consortium which now has 265 members from 130 countries. The proceedings of this conference were distributed during the past year to industry and government leaders around the world. Farm Foundation has agreed to participate in and help sponsor a second conference in July 2001 at San Francisco.

Farmer Cooperatives 2000. “Building Financial Strength” was the theme of the third Farmer Cooperatives 2000 conference, held December 14-15, 2000, in Las Vegas, Nevada. Over 100 academics and cooperative leaders examined challenges and opportunities facing farmer-owned cooperatives. As firms in agriculture and the food system become larger, it is becoming harder for some cooperatives to remain competitive with investor-owned firms because they do not have the option to raise capital for expansion from outside investors. The workshop examined several innovative ways cooperatives can raise capital from non-tradi-

tional sources and strategies designed to strengthen cooperative balance sheets, including mezzanine financing, joint ventures, subordinated debt, trust preferred securities and other hybrid debt/equity instruments. The workshop also emphasized the importance of creating an equity redemption budget and producing reasonable returns to producer equity. Workshop papers and presentation materials are available on the Internet.¹⁷

Workshop on Contracting Practices in Agriculture. Farm Foundation partnered with USDA’s Economic Research Service to organize this workshop to examine new and emerging contracting practices in agriculture, an area that has been neglected by the research community until recently. The workshop explored sources of data on contracting practices, current research results and topics for future research. A summary document was developed and posted to the ERS web page.¹⁸

The Future of Mid-South Agriculture. Farm Foundation teamed with the cooperative extension services in four Mid-South states to explore structural change and the future of agriculture in

the region. The Farm Bureau organizations in all four states were cosponsors. The objectives were to help leading farmers in the region understand the forces of change moving through regional agriculture and with their input, develop a research and educational agenda to address these issues. As a result of this symposium, a regional web site¹⁹ on risk management and structural change was established, and the Extension services of the region set up a task force to continue work on these topics.

Farm Bill Educational Materials and Producer Survey. Each farm bill cycle, Farm Foundation undertakes a series of activities to increase understanding about policy issues. We currently have two major efforts underway; a survey of farmer/rancher policy preferences, and a set of issue leaflets on topics ranging from the financial situation of U.S. agriculture to specific commodity programs. The survey will go to the field in the spring of 2001 with publication of the results set for the fall of 2001. The policy leaflets will be ready for distribution at the National Public Policy Education Conference in September 2001 in San Antonio, Texas. The survey and the policy leaflets will be produced so that state extension educators can customize the materials for state and local educational programs. Congressional staff will be briefed on the survey results and educational materials.

Rural Communities

The economic and social relationships between agriculture and rural communities are changing. Local leaders face critical decisions as their communities adapt to the industrialization of agriculture, information age technologies and demographic change. Farm Foundation explored several key issues:

The Rural South: Preparing for the Challenges of the 21st Century. To articulate the opportunities and challenges of the South's rural areas, Farm Foundation helped the Southern Rural Development Center (SRDC) initiate this policy pamphlet series. Support was also provided by the Economic Research Service, the TVA Rural Studies Program at the University of Kentucky, and the Southern Association of Agricultural Experiment Station Directors. Since January 2000, the SRDC has published 600 copies each of 17 policy briefs. Copies have been sent to each U.S. Senator and Congressman from the 13 southern region states. All 17 of the policy briefs have been made available on the SRDC website.²⁰ Over 4,000 hits have been documented for this series on the SRDC website. Several of the policy series have been featured in press releases prepared by the Mississippi State University Department of Agricultural Communications and were distributed throughout the South, primarily through land-grant university contacts. A regional magazine, *Progressive Farmer*, and a regional newspaper, *Delta Farm Press*, have published the press releases.

Immigration and the Changing Face of Rural America. Farm Foundation co-sponsored the 6th and 7th in a series of workshops on immigration and the changing face of rural America.²¹ These workshops held in Napa Valley and Imperial Valley, California, focused on labor availability, sources of labor,

These workshops provide a forum where farmers and agricultural leaders can dialogue with farm labor advocates and community leaders about the issues facing the communities where they all live and work.

community impacts of immigration and a variety of other agricultural labor issues. This series has a strong track record of raising understanding of policy issues related to immigration, the agricultural workforce and the impacts of this changing workforce on rural communities. These workshops provide a forum where farmers and agricultural leaders can dialogue with farm labor advocates and community leaders about the issues facing the communities where they all live and work. Besides California, previous workshops have been held in Iowa, Delaware and Washington.

Towards Policies for Rural Amenities: Valuing Public Goods and Externalities in the U.S. and OECD. This June 5-6, 2000, Washington, D.C., workshop focused on the contribution that natural and cultural amenities, including externalities and public goods from agriculture and ecological resources, make to the development and well-being of rural areas and to the welfare of countries. The workshop concentrated on assessing the merits and limitations of valuation methods of the demand for non-market amenities, and policy instruments to encourage the creation of market mechanisms to capture the non-marketed benefits of rural amenities, maintain and enhance their supply, and correct potential costs to society in case

of market failure. The outcomes from the workshop will feed into ongoing work in these fields. The workshop also constituted an important input to debate at the OECD on the multifunctional character of agriculture, and helped further develop related work on agri-environmental policies.

Rural and Farm Women in Historic Perspective. Farm Foundation co-sponsored this seventh in a series of conferences organized by the Rural Women's Studies Association. Held June 22-25, 2000, in St. Paul, Minnesota, the conference program covered topics such as family farms since 1945, rural health care in the U.S. and Canada, women in rural community development and rural immigration and domestic violence.

Community Policy Analysis Network. The Community Policy Analysis Network (CPAN) is a group of social scientists that meets periodically to identify

and conduct research on emerging issues important to rural communities. Farm Foundation supported their November 2000 meeting in Chicago which focused on the contribution of health care to rural economies, special obstacles to welfare reform in rural communities, and new approaches to rural economic development studies. The group also is preparing a comprehensive set of background materials on the rural develop-

ment title of the 2002 farm bill, web-based education and outreach materials on a variety of rural development issues, and a book on community policy analysis modeling.

Having all the Right Connections: Telecommunications and Rural Viability. Farm Foundation co-sponsored a workshop on telecommunications for rural development, February 25-27, 1997, in Kansas City. This workshop inspired some of the

participants to do additional work on the impact of emerging technologies in telecommunications on rural communities. The recently published book²² explores the theory, policy and practices of telecommunications in rural America today. While it is difficult to stay abreast of this changing industry, this book gives a snapshot of this emerging technology and the impacts it can have on agriculture, a variety of institutions including land grant universities and rural communities.

The Community Policy Analysis Network group is preparing a comprehensive set of background materials on the rural development title of the 2002 farm bill, web-based education and outreach materials on a variety of rural development issues, and a book on community policy analysis modeling.

Communications and Leadership

Communication has long been a vital component of Farm Foundation activities. Our board of trustees contains dedicated positions for the print and electronic media. Results of Farm Foundation's very earliest projects were printed and distributed to public and private decision makers. We have encouraged publication of research and conference results in scholarly outlets, executive summaries and other materials for extension education and media use.

Farm Foundation has adopted new methods to communicate information from projects and activities. We publish fewer books and more executive summaries to convey essential information in a short readable format. We reach new segments of the population through the Internet. We partner with other organizations to use our information to increase public understanding of agricultural and rural issues. Recent examples illustrate these initiatives.

Three years ago, Farm Foundation initiated a project to examine agricultural land use conflicts on the rural-urban fringe. This project led to a partnership with the Kettering Foundation and the publication of *Land Use Conflict: When City and Country Clash*, based on the Kettering National Issues Forum™ educational series. Over 15,000 copies of this 44-page publication were printed and distributed. This publication has been used by policy educators and citizens groups coping with land use conflicts across the country. Groups that we know used the publication over the past two years have included the Connecticut Farm Bureau and the Working Lands Alliance, Tecumseh Land Trust, Shelby County Kentucky Extension, American Farmland Trust, Rock Island County Illinois, the Iowa General Assembly, the

Chamber of Commerce of Harlingen, Texas, the Rhode Island Grow Smart Initiative and the Iowa chapter of the American Planning Association. These groups and others have reported that the publication increased their understanding of land use issues. Farm Foundation has signed an agreement with the Kettering Foundation to produce a similar publication on genetically modified foods.

The Farm Foundation web site (www.farmfoundation.org) has become an integral part of our program communications. All Farm Foundation publications are available on the site. Web sites of sponsored programs are linked to the Farm Foundation page along with project summaries and other publications. The site contains notices of upcoming events, guidelines for program funding, and conference announcements. A search engine allows visitors to search the site and linked materials. The page is averaging over 200 visits per day. Our goal is to provide a clearing house for balanced and reliable information on the critical issues facing agriculture and rural America.

Leadership development activities are a key component of Farm Foundation's commitment to improve the economic and social well-being of U.S. agriculture and rural people. This year, Farm Foundation sponsored awards to outstanding leaders, provided fellowships for emerging extension leaders, and worked directly with groups of agricultural leaders.

Awards to outstanding leaders. The George Washington Carver Public Service Hall of Fame Award is given annually to individuals affiliated or who have worked with 1890 land grant institutions over a career and who exemplify the public service philosophy and leadership qualities of Dr. Carver. Farm Foundation sponsors these annual awards to recognize distinguished service

Our website, www.farmfoundation.org, is averaging over 200 visits per day.

and to inspire others to follow the examples of Carver and these recipients in their career choices. The 2000 recipients were: Fred Broughton, *South Carolina State University* and Ralph Paige, *Federation of Southern Cooperatives*.

Farm Foundation and the National Public Policy Education Committee annually sponsor two awards: the R. J. Hildreth Award for Career Achievement in Public Policy Education and the Outstanding Public Issues Education Program Award.²³ These awards recognize leadership and scholarship within the policy education professional community. The 2000 recipients of the Hildreth Award were: A. L. "Roy" Frederick, *University of Nebraska*; Barry Stryker, *University of Vermont*; and Warren Trock, *Colorado State University*.

Receiving the Outstanding Public Issues Education Program Award in 2000 were two projects:

- "Local Taxes in Our Community: Understanding Tax Reform in Pennsylvania"-- Timothy W. Kelsey, *Pennsylvania State University*;
- "National Survey of State Animal Confinement Policies"-- Andrew F. Seidl, *Colorado State University*; Mark A. Edelman, *Iowa State University*; Mellie Warner, *Clemson University*; Hal Harris, *Clemson University*; Nelson Bills, *Cornell University*; Charles Abdalla, *Pennsylvania State University*.

Fellowships for emerging extension leaders. Farm Foundation's Extension Fellowship Program dates back over 40 years. Recipients are employees of cooperative extension programs across the country who are furthering their careers through graduate education in the social sciences. Grants of up

to \$5,000 help offset some of the income loss faced by these potential leaders when they go back to school. Past recipients have gone on to a variety of leadership and management positions including several current extension directors and deans of agriculture. This year, there were six fellowship recipients who were enrolled in graduate programs at Kansas State University, Virginia Tech, Texas A&M University, University of Tennessee, University of Wisconsin-Green Bay, and the University of Wyoming.

Direct participation with groups of agricultural leaders. Two years ago, Farm Foundation agreed to fund the development of a web page that would serve as a focal point for communication among alumni of state agricultural leadership programs. The site²⁴ is functional and with time should provide a needed coordination service to the agricultural leadership programs. We also worked with a number of other organizations of agricultural leaders on various programs.

Foundation Leadership

Farm Foundation is governed by a 29-member board of trustees, which represents the broad diversity of U.S. agriculture and its related institutions. The current members are:

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Sandy Young
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*Resigned May 10, 2001. Nominated to be deputy secretary of agriculture.

†Resigned May 11, 2001. Nominated to be USDA under secretary for farm and agricultural services.

‡Resigned January 20, 2001. Currently holds post of secretary of agriculture.

Staff Activities

Farm Foundation's program goes beyond project funding. Staff participation in many of the Foundation-sponsored activities is a hallmark of our way of doing business. In addition, the staff provides leadership for professional, agricultural and educational organizations which allows Farm Foundation to further leverage and extend our program objectives.

This year, Farm Foundation staff provided significant leadership in the development and implementation of key programs on biotechnology, international trade and the changing structure of agriculture. Staff assisted the Council on Food, Agricultural and Resource Economics in assembling material from biotechnology workshops to conduct a congressional staff briefing; worked with the International Agricultural Trade Resource Consortium to organize a web page to enhance communications on trade-related issues; helped plan a symposium on cooperative governance; and organized a workshop and continuous learning activity on the changing structure of agriculture.

Staff leadership was prominent in the following program activities: chaired the Pacific Food Outlook project and briefed industry leaders and press representatives in the Pacific Economic Cooperation Council region on the results; helped plan a National Issues Forum publication on biotechnology; served on the Council on Food, Agricultural and Resource Economics; participated on the executive committee for the Food and Agricultural Marketing Section of the American Agricultural Economics Association; and coordinated the planning committee for the 2000 National Public Policy Education Conference.

Foundation staff played a significant role in other sponsored activities including: Advisory Committee to the Council on Agricultural Science and Technology Biotechnology Communications project; the Canada/Mexico/United States Trade Disputes Workshops; Project Food, Land and People; and Symposium on Cooperative Growth and Development.

Farm Foundation staff served as officers or directors of other organizations whose goals and programs support Farm Foundation's mission, including: National Farm-City Council, Inc.; International Association of Agricultural Economists; Fund for the International Conference of Agricultural Economists; National Policy Association's Food and Agriculture Committee; FFA Farm Business Management Contest Committee; North Central Regional Center for Rural Development; Southern Rural Development Center; Chicago Agricultural Economist's Club; American Agricultural Law Association; Southern Agricultural Economics Association; and The Professional Agricultural Workers Conference Advisory Board.

Staff also furthered Farm Foundation objectives by participating on the following boards and committees: USDA's Advisory Committee on Agricultural Statistics to advise the Secretary of Agriculture and the National Agricultural Statistics Service on the scope, content, and timing of periodic censuses and surveys of agriculture; NEC-63 Executive Committee; Advisory Board, College of Agriculture, Forestry and Life Sciences, Clemson University; USDA's Digital Publication Steering Committee; Editorial Advisory Board, *Society and Natural Resources: An International Journal*; American Farm Bureau Federation's Distinguished Service Award Committee; and Project Food, Land and People Advisory Board.

Farm Foundation's Bennett Agricultural Round Table is an invitational group of agricultural and agribusiness leaders. The current 130 members represent a wide range of commodity and business interests from across the nation. The semi-annual Round Table meets to provide a forum for discussion among members and invited agribusiness, agricultural, government, academic, and other interest group leaders.

The Round Table is an integral part of Farm Foundation's broader program. Each meeting focuses on an issue of importance to agriculture and rural people. Other Foundation projects and activities often provide resources for Round Table meetings, and the discussions during the meetings generate many new programming ideas. Round Table member financial contributions help support other Farm Foundation programs.

In June 2000, Farm Foundation's Bennett Agricultural Round Table met in Kohler, Wisconsin. The topic was "21st Century Food Systems to Serve the Consumer." Members heard presentations on responding to tomorrow's customer; opportunities in feeding the world; where do you fit in 21st century food systems; and using genetics and technology to meet consumer demand.

In January 2001, the Round Table met in Jupiter Beach, Florida. The program theme was "Farming in the Sight of the City: Challenges and Opportunities." Presentations focused on farmland preservation, the environment and Everglades agriculture. A session also examined future agricultural research directions.

Tours of regional agriculture have become an important part of these meetings. The Kohler tour visited the Alto Dairy



Cooperative's cheese plant in Alto, Wisconsin and two dairies -- a 600-cow dairy with a successful registered stock breeding business and a 50-cow dairy which is installing the first robotic milkers in the United States.

In Jupiter Beach, the group toured the Everglades Agricultural Area. The tour visited a vegetable grower and packer; was briefed by biologists on the Everglades Restoration Project; toured a sugar cane, rice, sod and vegetable farmer; observed a sugar cane burn and harvest; and toured the sugar mill of the Sugar Cane Growers Cooperative of Florida.

Round Table policy forums provide an opportunity for frank and open dialogue among agricultural and agribusiness leaders, policy makers, university leaders and interest group advocates. Programs are designed to ensure that a wide range of interests are represented and that informed disagreements are welcomed. This exchange of ideas fosters understanding of different approaches to problems, which ultimately leads to better public policy through the other activities and linkages of Round Table members.

Bennett Agricultural Round Table

Bennett Agricultural Round Table

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Robert C. Lanphier
Victor L. Lechtenberg
Donald Lerch, Jr. & Company, Inc.
James R. Lerwick
Sharon Levinson
Little Acorn Ranch
Billy D. Long
Loughmiller, Inc.
James E. Marion
Richard L. McConnell
Cecil Medders
Metropolitan Life Foundation
Mid-America Ag Network, Inc.
Monsanto Company
David Moore
Richard N. Morrison
James R. Moseley
My-T-Acres, Inc.
National Association of Wheat Growers

Owen J. Newlin
North Carolina State University
Northwest Horticultural Council
R.D. Offutt Company
The Ohio State University
James F. Patterson
J.B. Penn
Pennsylvania State University
The Peoples Group, Ltd.
Robert Porter
Jack Prince
Progressive Farmer
Public Land Users Services
Purdue University
Ralston Purina Company
Red Hill Farms
Richards Land Company
Martha Roberts
The J.C. Robinson Seed Company
Henry E. Rodegerdts
Rutgers University
William B. Sayre Charitable Gift Fund
Scherer Farms
J.W. Scott Farm
Darrell Smith
Southern Illinois University
Southern States
Roderick N. Stacey
Charles Stamp
Tate Farms
Teeter Farm and Seed Company
Texas A&M Foundation
Robert L. Thompson
Eric Thor
Alan T. Tracy
James K. Trotter
Union Pacific Foundation
University of Minnesota
Ann M. Veneman
Verdant Partners
Villwock Farms
Washington University in St. Louis
Luther Waters
Larry A. Werries
Stephen R. Wright
Sara R. Wyatt

Financial Highlights

Financial Highlights

Statements of Financial Position For Fiscal Years Ended April 30^a

	<u>2000^b</u>	<u>2001^c</u>
Cash	\$ 30,119	\$ 21,653
Money Market Fund	40,275	39,350
Securities		
Vanguard Index 500 Fund	13,711,411	11,818,363
PIMCO Total Return Fund	11,465,014	12,033,623
PIMCO Low Duration Fund	377,448	283,884
TOTAL ASSETS	\$25,624,267	\$24,196,873

Statements of Activities For Fiscal Years Ended April 30^a

	<u>2000^b</u>	<u>2001^c</u>
REVENUE AND GAINS		
Dividends and interest	\$ 816,757	\$ 992,120
Net realized and unrealized gains on investments	635,908	(1,263,862)
Investment expenses	(5,731)	(8,695)
NET INVESTMENT RETURN	1,446,934	(280,437)
Gifts	162,633	308,677
TOTAL REVENUE AND GAINS	1,609,567	28,240
PROGRAM AND OPERATING EXPENSES		
Personnel compensation and benefits ^d	\$ 488,076	\$ 543,767
Services ^d	118,023	116,048
Projects:		
Rural Community Viability	47,513	64,092
Communication and Leadership	52,912	41,532
Consumer Issues	92,444	37,529
Environmental and Natural Resource Issues	107,533	43,264
Globalization	109,872	105,293
New Technologies	48,859	120,217
Role of Agricultural Institutions	119,590	301,666
Bennett Agricultural Round Table	17,232	17,305
Travel ^d	65,819	64,921
TOTAL PROGRAM AND OPERATING EXPENSES	\$ 1,267,875	\$ 1,455,634
INCREASE IN UNRESTRICTED NET ASSETS	\$ 341,692	\$ (1,427,394)

^a Modified Cash Basis

^b Taken from 2000 audited financial statements

^c Unaudited

^d Project allocations do not include the expenses incurred through Farm Foundation staff participation.

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- ³*Agricultural Trade Information Website*. (<http://www.agtrade.org>)
- ⁴*The Briefing Book of Abstracts from: Global Agricultural Trade in the New Millennium* is available online at <http://cnas.tamu.edu/publications/Abstracts6.pdf>
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- ⁶The December 2000 issue of *Agricultural Outlook* is available online at <http://usda.mannlib.comell.edu/reports/essr/economics/aobb/2000/ao277.pdf>
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- ⁹Seeking Common Ground for Conservation (http://www.swcs.org/t_seeking_intro.htm)
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- ¹⁶American Agricultural Economics Association Message Board. (<http://208.217.189.100:8080/~AAEA/guest?hidden=%2F%7EAAEA>)
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²²*Having All the Right Connections—Telecommunications and Rural Viability.* Book resulting from a 1997 workshop in Kansas City, Missouri. Edited by Peter F. Korsching, Patricia C. Hipple and Eric A. Abbott.

²³Public Policy Education Awards. More information is available online at <http://www.farmfoundation.org/npepecindex.htm>

²⁴Leadership Resources for the International Agricultural Community. (<http://www.agrilead.org>)

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Farm Foundation

1211 West 22nd Street
Oak Brook, Illinois 60523-2197

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