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Economic Research Service

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Amber Waves February 2007

Amber Waves magazine covers the full range of ERS research and analysis, including articles on food, farming, natural resources, and rural America.

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Relaxing Fruit and Vegetable Planting Restrictions

A recent World Trade Organization challenge to U.S. commodity programs has created pressure to eliminate fruit and vegetable planting restrictions on farms that plant program crops. If planting restrictions were relaxed, overall market effects would likely be limited, with the greatest effects in California, the Southeast and the upper Midwest. Some producers with base acreage would likely benefit while others without base acres may find that production of fruit and vegetables would be less profitable than production of program crops.

Weaker Dollar Strengthens U.S. Agriculture

The depreciation of the U.S. dollar has increased the competitive advantage of U.S. agriculture and stimulated export demand for U.S. agricultural products. Strong economic growth in developing countries also has contributed to strong U.S. agricultural export performance. Despite depreciating against currencies of some U.S. trading partners, the dollar has been largely fixed against currencies of others, such as China, reducing potential gains in competitiveness. Trade policies and imperfect markets can also reduce the effects of depreciation, further diminishing the gain.

Farmers Balance Off-Farm Work and Technology Adoption

Off-farm income has risen steadily over recent decades. Small-farm households are more likely to devote time to off-farm employment than larger farms. New technologies enhance options for trading onfarm work for off-farm employment. Farm households with higher off-farm income are more likely to adopt farm technologies that economize on management time instead of those that are time intensive.



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Components of Farm Economic Performance

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The economic well-being of most U.S. farm households depends on income from both onfarm and off-farm activities. Consequently, for many farm households, economic decisions (including technology adoption and other production decisions) are likely to be shaped by the allocation of managerial time among such activities. While time allocation decisions are usually not measured directly, we observe the outcomes of such decisions, such as onfarm and off-farm income. The *Off-Farm Income, Technology Adoption, and Farm Economic Performance* report finds that a farm operator's off-farm employment and off-farm income vary inversely with the size of the farm. Operators of smaller farm operations improve their economic performance by compensating for the scale disadvantages of their farm business with more off-farm involvement. Off-farm work reduces farm-level technical efficiency, but increases household-level technical efficiency. And adoption of agricultural innovations that save managerial time is associated with higher off-farm income.



Hurricanes' Effect on Food Stamp Program

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In fall 2005, Hurricanes Katrina, Rita, and Wilma devastated areas along much of the Gulf Coast resulting in large increases in food stamp caseloads and benefits issued. In November 2005, the number of people receiving food stamps reached a record 29.7 million, or about 4 million more participants than just 3 months earlier. Most of the increase in caseloads occurred in the Gulf Coast States that were hardest hit by the hurricanes—Florida, Alabama, Mississippi, Louisiana, and Texas. The hurricanes' impact on caseloads in these States, in terms of both magnitude and duration, varied widely. States that received large numbers of evacuees from hurricane-affected areas also experienced disproportionate increases in caseloads relative to the other States.

The 2005 Gulf Coast Hurricanes' Effect on Food Stamp Program Caseloads and Benefits Issued study estimates that the hurricanes increased total food stamp benefits issued by about \$1.2 billion, with most of it going to people located in the five Gulf Coast States.

USDA Food Assistance Programs

www.ers.usda.gov/publications/eib6-4/

Federal expenditures for USDA's food assistance programs totaled almost \$53 billion in fiscal 2006, a 4-percent increase over the previous fiscal year. This was the sixth consecutive year in which food assistance expenditures increased and the fourth consecutive year in which they exceeded the previous historical record. The five largest food assistance programs—the Food Stamp Program, the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program, and the School Breakfast Program—accounted for 95 percent of USDA's total expenditures for food assistance. *The Food Assistance Landscape: FY 2006 Annual Report* uses preliminary data from the Food and Nutrition Service to examine trends in the programs at the through fiscal 2006. It also discusses a recent ERS study that examined income volatility among households with children and the implications of volatility for eligibility in the National School Lunch Program.



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