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Applied Economics at the University of Minnesota



@ApEcMN



Notes from the Department Head

BY TERRY HURLEY



The **Department of Applied Economics** is starting to feel more like it did before spring break of 2020, but much has changed, and our post-pandemic course remains to be charted.

I assemble these belated notes as the interim Department head, while our former head, Professor Frances Homans, finds her bearings as the interim associate dean of Academic Programs and Faculty Affairs, and Professor Joleen Hadrich traverses the state as the interim associate dean of the Minnesota Agricultural Experiment Station and CFANS Research & Outreach Centers.

While classes are mostly back in person and masking is no longer universally required on campus, there is a new sense of the possibilities online courses offer in terms of accessibility and flexibility for instructors and students. Some faculty and graduate students are starting to explore these opportunities with encouraging success — Professor Mike Boland's APEC 3521: Agribusiness and Food Supply/Value Chains, and Thomas Durfee's APEC 1201: Excel in Economics and Management.

Ruttan Hall remains comparatively quiet as many in the Department now split time between campus and home offices, and most meetings remain online. While I expect to see increasing numbers of people spending time in Ruttan Hall in the next few years, I also expect working remotely once or twice a week will become the norm for most.

The Department welcomed a new assistant professor: **Dr. Charlotte Ambrozek**. Charlotte just finished her PhD at the University of California-Davis, working under former faculty member **Dr. Tim Beatty**. Her research on the supplemental nutrition assistance programs and in-home food access adds breadth to our

Agricultural and Food Economics field and Agricultural Food Business Management major. She is also a skilled applied econometrician, which provides added depth to our already exceptional group of applied econometricians. Read more about her on page 7.

Professors **Don Liu's** and **Jeff Apland's** retirements are not *new* news, but we were finally able to properly acknowledge their contributions to the Department with a Campus Club celebration.

We came together for the first time in three years to honor our outstanding alumni: **Gretta Hansen** (2004 Applied Economics BS), **Taro Nagshima** (2003 Applied Economics MS), and **Dr. Michael Swanson** (1998 Agricultural and Applied Economics PhD). Michael shared insightful as well as humorous thoughts on working in the corporate world as a PhD economist, which is increasingly relevant with recent graduates taking positions at Amazon and Meta as well as Wells Fargo. The annual holiday luncheon, which has also been absent from the Department's social calendar since 2019, was reimaged as a holiday reception in the Ruttan Hall Commons this year.

I will close my first notes to the Department by congratulating **Professor Marc Bellemare** for his selection to the 2023 Agricultural and Applied Economics Association Fellows Class. This is a well-deserved honor for a colleague who has contributed so much to the department and profession as well as to the Agricultural and Applied Economics Association.

Terry Hurley

DEPARTMENT OF APPLIED ECONOMICS

PAY ME LATER . . .

A Conversation with Jason Kerwin

We met with **Jason Kerwin** to discuss his paper with Lasse Brune and Eric Chyn, “Pay Me Later: Savings Constraints and the Demand for Deferred Payments,” to learn more about why they chose to study this, the results they observed, and what this could mean for future banking and investments in Malawi.

“Why would you ask your employer not to pay you yet,” they question in this paper. Living in a developed country, we may answer “Well, we wouldn’t.” But in more rural, less developed countries, this is actually a pretty common practice. “Dairy farmers in Kenya will actually accept lower pay in order to delay getting paid,” Dr. Kerwin explains.

Here’s why. The logic, he explains, is pretty straightforward. In developed economies, having a savings account earns a positive return, but in developing countries, banks aren’t as straightforward with customers, and they often face either negative interest rates, or even stolen wages. By deferring the receipt of their wages, it allows workers a more secure way to save their money until they are ready to spend it.

Dr. Kerwin, along with co-authors, turned this idea into action by developing a practical savings product for employees who work at a tea company in Malawi. Half of the workers at this company chose to sign up for the program which held on to a fraction of their pay each day, so it could be disbursed as a lump sum at the end of their three-month harvest season. What they found was that this exponentially increased both the income and savings of these workers, by 14 and 23 percent, respectively.

This increase produced not only short-term but long-term effects on the wealth of workers, allowing them to spend a large amount of their savings on items to better their lifestyle, such as home improvements. Once the program was complete, these workers still fared better than their non-participating coworkers, being 10% more likely to have improved metal roofs on their homes.

With the unusual success of this program, it caused researchers to question, why was this? In their experiments, they discovered key features which drove the high demand. What they discovered was that paying out lump sums was much more helpful in long term wealth retention than paying out in weekly installments, mainly due to self-control issues. They also discovered that the timing wasn’t as influential as they expected — with the program showing just as much success during the offseason as it had during harvest season.

“This program has the potential to be incredibly influential,” says Dr. Kerwin. “Since it can be run at nearly zero marginal cost once set up, it’s a very promising way for people to help them save money. Not only that, but it could potentially be deployed not just by firms, but also by governments running cash transfer programs.”

But the researchers aren’t the ones who deserve all the credit. “A lot should also go the workers [in the experiment] who asked us not to pay them yet. It was their idea, and it worked extremely well.”

You can read the full paper online on the AEA website: www.aeaweb.org



Eliza Endres

HOMETOWN: Waunakee, Wisconsin

FIRST JOB: Working on my family's dairy farm

WHY DID YOU CHOOSE THE U: I chose the U because it had the major I was interested in and I wanted to move to the Twin Cities

WHAT ARE YOUR MAJORS/MINORS: Agricultural and Food Business Management with a minor in Agricultural and Environmental Science Communication

GRADUATION YEAR: 2024

HOBBIES: Watching sports, spending time outdoors, and spending time with friends and family

FAVORITE SPOT AT THE U: Anywhere on the St. Paul campus

FAVORITE SPORT OR ACTIVITY: My favorite sport to play is tennis and my favorite sport to watch is basketball

IF YOU COULD HAVE ONE SUPERPOWER WHAT WOULD IT BE: Teleportation

BEST ADVICE YOU'VE EVER RECEIVED: Don't be afraid to go out of your comfort zone and try new things

TIP FOR STUDENTS: Make sure to get involved in clubs and organizations on campus; this is a great way to meet new people and gain leadership experience

FAVORITE QUOTE: Be you, do you, for you

Meet **Eliza Endres**, a third year AFBM student with a minor in Agricultural and Environmental Science and Communication. Eliza hails from Waunakee, Wisconsin, where she has worked on her family's dairy farm since she was a little girl, caring for and showing their family's calves.

A true Midwesterner, Eliza enjoys any kind of outdoor activity, playing tennis, watching basketball, and spending time with her family and friends.

Eliza decided to study at the University of Minnesota not only because it offered her major but being a small-town Wisconsin girl, that big city feel was important to her. "Someone once told me, don't be afraid to go out of your comfort zone and try new things, so I took the leap and hopped over the river to Minnesota and now the St. Paul campus is absolutely my favorite place to be."

Eliza is involved with many clubs and organizations on campus, including the National Agri Marketing Association, the Gopher Dairy Club and Lambda Delta Phi sorority. She encourages all current and prospective students to really find their niche and get involved. "It's such a great way to meet new people and gain leadership experience."

In a University as large as ours, she says, it can sometimes feel overwhelming and intimidating. But as long as you remember to just "be you, do you, for you," you'll have an experience to be proud of and a job to look forward to once you graduate!

Outstanding Alumni Award Recap

On September 30th the department hosted our first Outstanding Alumni Award event since 2019! It was a lovely event and wonderful to see everyone in person again. This year we recognized three admirable recipients.

Gretta Hanson earned her B.S. in Applied Economics in 2004. She grew up on a crop farm in the Red River Valley and studied applied economics in hopes of someday working with farmer owned cooperatives. Following college, Gretta pursued a legal career, earning advanced degrees in law, business, and agricultural economics. She has served as in-house counsel at Land O'Lakes and CHS. She is an adjunct faculty member at the University of St. Thomas, volunteers at a housing law clinic, and is actively involved in the Minnesota State Bar Association and American Agricultural Law Association.

Taro Nagashima received his M.S. in applied economics in 2003, under the supervision of Jean Kinsey. His career with Cargill has focused on managing the specialty grains and oilseeds program for market export. He returned to Minnesota in 2019 after a time in his native Japan. He hopes that expansion of the program will lead to higher premiums, assisting a struggling market with opportunities to help both farmers and consumers.

Michael Swanson earned his M.S. under the supervision of Wilbur Maki and his Ph.D. under the supervision of George Morse. Michael joined Wells Fargo in 2010 as a senior agricultural economist and consultant. His responsibilities include analyzing the impact of energy on agriculture and strategic analysis for key agricultural commodities and livestock sectors. His focus includes the systems analysis of consumer food demand and its linkage to agribusiness. Additionally, he develops credit and risk strategies for Wells Fargo's customers and performs macroeconomics and international analysis on agricultural production and agribusiness.

In addition to honoring our outstanding alumni, this year's event featured three of our undergraduate students **Abby Kohner**, **Caroline McShane**, and **Anh Lien** who shared about their internship experiences at HealthPartners, Agropur, and Canteen One.

We look forward to seeing everyone again next fall!





The department recently welcomed **Assistant Professor Charlotte Ambrozek** to our faculty. Charlotte earned a PhD in Agricultural and Resource Economics from UC-Davis in 2022. Charlotte is an applied microeconomist and her most recent projects focus on the role that private food retailers play in delivering public food assistance benefits to participants. This work includes understanding how removing vendors from authorization affects participation and benefit use, how supply chain shocks like price increases and stock outs affect benefit adequacy, and how participants use benefits across space and retailer format.

Charlotte grew up in New York, where she attended Cornell University and received her Bachelor's degree. She spent three years in Alaska and Vermont, where she worked with the Cooperative Extension department at Iḷisaġvik College in Utqiagvik, AK. As a Tribal Colleges VISTA member, Charlotte developed a set of cooking, nutrition, and financial literacy classes targeted at middle school kids in the seven villages of the North Slope Borough. She spent time traveling to the villages for classes and summer camps and assisted with other Cooperative Extension programs in Utqiagvik, like summer circus camps and indoor gardening activities.

In her free time, Charlotte enjoys skiing, biking, and playing cooperative board games.

Welcome to the department, Charlotte!

SCHOLARSHIP RECIPIENTS

Yost Family Scholarship

Justin Thomforde
William Bosch

Routhe-Christiansen Scholarship

Yaa Oduro
Nolan Conzemius

Easter Family Scholarship

Tasha Reichhart
Alexandra Davis

APEC Centennial Undergraduate Scholarship

Lucy Dardis
Tommy O'Brien
Adam Ruen

Willis Peterson Scholarship

Keenan Thygesen
Passion Coleman
Carter Koyl
Jack McIntyre
Josh Kristjanson
Andrew Hayak
Emma Mockenhaupt
Katie Getschel

FELLOWSHIP RECIPIENTS

CF Future Leaders

Ryan McWay

Dr. Dale C. Dahl Memorial Fellowship

Isabel Pastoor

Investment to End Hunger Sustainably

Hannah Steiner

The Mary A. & Robert B. Litterman Fellowship

Shunkei Kakimoto

G. Edward Schuh Fellowship

Joseph Whitney

Frances Antonovitz Fellowship & The Jean Kinsey Graduate Fellowship

Monique Davis

The Willard W. Cochrane Fellowship & The Willis L. and Dorothy L. Peterson Graduate Fellowship

Matt Braaksma

Center For International Food and Agricultural Policy Fellowship

Hodan (Nina) Wells
Xiaowei Zhang



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Saint Paul, MN 55108

EASTER FAMILY SCHOLARSHIP

“Work hard on something you really like doing and that makes a contribution to society.”

These are the words of advice from emeritus professor **Bill Easter**, when asked what today’s students should focus on to achieve success.

Professor Easter grew up in a small town in central California surrounded by small farms irrigated by water from the San Joaquin River, where he raised sheep and beef cattle. His father, an agricultural professor, encouraged his interest and passion for working in agricultural economics. Dr. Easter joined the Applied Economics Department at the University of Minnesota in January 1970 and taught and conducted research for 42 years. His major areas of interest were resource economics and development with an emphasis on water resources.

He and his wife Carolyn raised three children and are enjoying five wonderful grandchildren—and watching them go through college encouraged him to establish this scholarship for applied economics and resource economics students.

“I believe it’s critical students are able to finish their last two years of college,” he says. “I created this scholarship to allow students to do just that. This is my way of giving back to the University and the department of applied economics for all the opportunities they provided during my 42 years of teaching and research at the University.”

If you would like to donate to the Easter Family Scholarship, to provide assistance for students with financial need, who are studying environmental and natural resource economics, please visit our website at apec.umn.edu/give.