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Meet the Staff

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Depressed agricultural commodity prices have led to concern about widespread possible economic impacts in Iowa because the state's economy is strongly linked to agricultural production. This article compares the income and tax estimates produced by the Iowa State University (ISU) Department of Economics and the Iowa Economic Forecasting Council (IEFC).

Earlier economic impacts were analyzed by the ISU Department of Economics, which factored in worst-case estimates if the agricultural sector were to realize significant income losses. Those impacts have been modified to account for a more realistic agricultural production scenario by allocating the losses to household spending and discretionary producer spending.

This article discusses the quarterly estimates of state personal income change, sales taxes, personal income taxes, and corporation income taxes through the 2000 fiscal year. There are two sets of estimates for income and taxes. One set of estimates is derived directly from the income estimates produced by the IEFC at the University of Iowa's Institute for Economic Research. The ISU Department of Economics produces the second set of estimates, derived from the state's historical relationship to national gross domestic product.

While the IEFC acknowledges slower economic growth for the state as a whole, it is uncertain whether this slowdown is significantly attributable to expected declines in farm earnings or more so to overall sluggishness in the national economy. In an October 1998 report by ISU on possible agricultural and statewide income losses, it was estimated that the total income effect of reduced agricultural sales could lead to $685 million in lost income for all Iowans.

Meet the Staff

Bruce Babcock, a professor in the economics department, is the new director of the Center for Agricultural and Rural Development (CARD). His appointment was effective November 16, 1998.

“One of my goals as director is to make sure that policymakers and others who can potentially benefit from CARD analysis understand the analytical capabilities of CARD, what CARD is doing, and that CARD is ready and willing to undertake new projects,” he said.

Babcock's goals for CARD include integrating the existing research programs of the new division heads—Catherine Kling, professor of economics, and John Beghin, associate professor of economics—into CARD. He also plans to establish new areas of research in financial management in agricultural policy, rural development policy, and science and technology policy.

Before being named director, Babcock was head of CARD's Resource and Environmental Policy Division, which assesses regional, national and international policies affecting the environment. He will continue work in this area with research looking at ways to increase the environmental performance of government policies.

Another area of research is the potential contribution of midwestern agricultural soils as a “carbon sink.” The objective of this research, Babcock said, “is to determine how the agricultural sector can contribute and benefit if a carbon market comes into existence. A nice side benefit of sequestering carbon through conservation tillage is that the long-term productivity of soil is enhanced by increasing soil organic material.”

The main focus of Babcock's future research, however, will be on risk management policy. This includes identifying both the government's and private sector's role in providing a safety net to those in agriculture.

“We are looking for ways to maximize the efficiency of federal funds,” he said. “This potentially could come in the form of risk management policies, as opposed to lump-sum transition payments, ad-hoc disaster payments, or traditional price support payments.”

Babcock received a bachelor's degree in economics of resource use and a master's degree in agricultural economics, both from the University of California at Davis. He received a doctorate from the University of California at Berkeley in agricultural and resource economics.

Babcock is married to wife Ali, and they have four sons, ages 4 to 12. He enjoys coaching and playing soccer, running, and water skiing.