

THE ECONOMIC IMPACTS ON CONSUMERS OF GOVERNMENT INTERVENTION IN THE POULTRY AND EGG SECTORS pdf

1: The Economic Effects of Intervention in Canadian Agriculture

The Economic Impacts on Consumers of Government Intervention in the Poultry and Egg Sectors: A Comparison of Alternative Welfare Measures Gerrit van Kooten No , Working Papers from Agriculture and Agri-Food Canada.

Food System As with the environmental and health indicators discussed in earlier chapters, most social and economic outcomes reflect complex causal processes, and they can vary widely based on time period, spatial organization, market conditions, regulatory forces, and adaptive mechanisms of actors in the system. In this section, we outline major classes of social and economic effects that can be linked to characteristics of the U. We focus on three broad classes of social and economic effects: Levels of income, wealth, and distributional equity; Broader indicators of quality of life, such as working conditions, job satisfaction, and freedom of choice to pursue taste and lifestyle preferences; and Associated impacts on worker health and well-being. Affected individuals fall into three groups: Food production, processing, and availability also can affect community-level measures, such as economic growth and social infrastructure. Although social and economic dimensions of effects are distinct, they are more closely interrelated than other dimensions. For this reason, we are presenting them in one chapter. This chapter begins with an overview of the social and economic impacts of the food system on key sectors of the food system. To discuss these impacts, select data sources and metrics are described. Tables B-1 through B-4 in Appendix B provide more details on these data sources. The committee has focused in this chapter on market-based economic effects, including measurable changes in the financial well-being of key actors in the food system and broader indicators of market performance by sector e. However, a discussion of non-market valuation methods for environmental effects is included in Chapter 4. In addition, while the chapter identifies the importance of capturing differential impacts on distinct social groups e. Consideration of whether particular types of social and economic effects are better than others should be guided by the best available information about those effects and by the cultural, political, and ethical views of stakeholders and decision makers. Occupations in this sector involve planting, caring for, and harvesting raw food items, livestock, and seafood FCWA, About 40 percent of the U. Taken as a whole, the U. More impressive is the fact that this growth in output has occurred with relatively little increase in the total combined use of factor inputs capital, labor, purchased inputs Wang and Ball, The increase in output can be attributed mostly to an increase in the quality of labor, capital, and technology inputs. Declines in the rate of productivity increase have been linked to reductions in agricultural research investments particularly by the public sector and possible biological yield plateaus of major agricultural crops Alston et al. ERS, a; Wang and Ball, Interestingly, the mix of inputs used to produce growth in food output has changed dramatically since the mid 20th century see Figure Specifically, the use of labor has declined by nearly 80 percent, the use of capital inputs has remained roughly the same a decrease of 12 percent , and the use of purchased variable inputs has more than doubled. The mix of capital inputs has also shifted, with land inputs slowly declining throughout the past 60 years but the importance of capital equipment growing rapidly through the s, then declining in importance in the latter 20th century. Finally, the use of fertilizer accounts for a significant portion of the increased use of purchased inputsâ€”growing nearly three-fold by the mids and then remaining at that level with significant annual fluctuations through It appears that the reduced impact in productivity growth from a decline in the use of labor and land inputs has been offset by the positive impact of increased use of other inputs e. Economic returns and competitiveness in U. Public investments in infrastructure for energy, transportation, communication, price information, market coordination, financing opportunities, and tax benefits also shape farm sector performance. Public investments in basic and applied research throughout most of the 20th century have provided high rates of economic return to taxpayers and undergirded a period of rapid technological change and increases in productivity Fuglie and Heisey, ; Kinsey, Despite significant increases in total output and factor productivity over this period of time, after adjusting for inflation, aggregate net income in the U. Because their largest asset is usually land, farm businesses have gained significant wealth

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over the past 50 years from capital gains associated with rising asset values that increased by percent in real terms between and As a group, farm-operator households have seen their economic well-being rise in recent decades, particularly relative to the average U. However, these average statistics for the sector as a whole mask considerable variation among actual farm households and the fact that most farm households rely on off-farm income as the principle basis for household survival see Figure For instance, 57 percent of U. Some of these farms are operated as hobbies by urban dwellers who are employed in other occupations and rely on off-farm income Fernandez-Cornejo, ; Hoppe et al. In the latest estimates from the U. Department of Agriculture USDA , roughly 60 percent of off-farm income in farm households comes from wages and salary payments to the operator or other adults in the household. Another 20 percent is derived from transfer payments e. Most of the remaining portion is from non-farm business income ERS, b. Data as of November 26, As discussed in Chapter 2 see Figure , the farming sector receives an average of 17 percent of the consumer food dollar as gross farm receipts, down from about 40 percent of consumer food spending in Schnepf, The change primarily reflects the pronounced shift toward food consumed away from home where a higher share of food expenditures cover the cost of preparation and service , but it also reflects an increased number and technical sophistication of processing and marketing channels between farmers and consumers. Although a smaller fraction of consumer food dollars flow into agriculture, the economic well-being of farm households has not always suffered. Large commercial farmers typically earn incomes higher than the average U. However, changes in the structure of first-line handlers and processors can affect returns to some farmers. That is, they can set the prices they pay for supplies and the prices they charge for their products MacDonald, In this system, farmers have much less certainty about the price they will receive at the end of a season Leonard, Other concerns with increased concentration of market shares in the hands of few firms are the potential loss in competition and decline in the transparency of markets. In the meat packing sector, a small number of firms control most of the business and independent farmers without production contracts from packing firms can find it difficult to access open and competitive markets for their livestock Key and McBride, ; Marion and Geithman, ; McEowen et al. Recent reviews of the literature suggest that adverse impacts on meat prices or consumer welfare have been relatively small, but the distribution of economic returns among different-sized actors or segments of the food supply chain can be affected Sexton, ; U. Because many workers on U. The Census of Agriculture estimated 3. Although hired workers are a minority of the overall farm workforce, many farm operators and family members do not work full time on their farms, and hired farm workers are now estimated to contribute nearly 60 percent of total full-time equivalent labor on U. Between 60 to 80 percent of hired farm workers are employed on crop farms, most are foreign born, and more than half are unauthorized to work in the United States Martin, ; Wainer, Hired farm workers in the United States tend to work for relatively low wages and for fewer days a year than most of the U. The vast majority of hired crop workers are engaged in the fruit, vegetable, and horticulture industries, where labor-intensive crop management practices are still widespread. As a result, poverty rates for farm workers are estimated at between 30 and 40 percent, among the highest of any occupational category in the United States Pena, ; USDOL, Poverty rates for noncitizen farm laborers are even higher, nearly triple that of citizen farm workers Kandel, Quality of Life Farm Owners Because economic returns to agriculture have generally been volatile and below prevailing market rates of return to capital and labor Cochrane, , economists and sociologists have long sought to understand the motivation of farm operators to persist in farming Gardner, ; Reinhardt and Barlett, Concern is growing, however, that the high capital costs and uncertain economic returns associated with modern agriculture have made it difficult for young farmers to successfully enter the sector. The average age of U. To some extent, this shifting demographic reflects the overall aging of the population, but it also results from a steady decline in the rate of new farm entry and the reduced number of transfers of family farm businesses across generations over the past 40 years. Although qualitative research on farm households in the United States consistently underscores the importance of quality of life outcomes to farm sector dynamics, quantitative indicators of positive quality of life effects on farmers and farm households are more difficult to

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find. One indicator is the degree of decision-making control that farmer operators have over day-to-day work allocation or production practices. A major example is the steady rise of contract production in U. In some livestock sectors—particularly beef cattle, hogs, and poultry—the vast majority of production is marketed under contract. The traditional spot market non-negotiated transactions by independent producers Lawrence, has shifted to marketing contracts to highly consolidated meat packing industry and, eventually, to vertical integration see Chapter 2 and below , which has both benefits and costs. Other benefits or costs vary by contract ERS, Farmers, however, have lost some entrepreneurial autonomy and decision-making power over assets due to unbalanced relationships in bargaining power with agribusiness firms Stofferahn, For example, producers often assume most of the fixed capital investment costs, but they have less control over production practices and depend on the availability of future contracts to survive MacDonald and Korb, ; MacDonald and McBride, In addition, independent farmers find it increasingly difficult to gain access to competitive cash markets for their products Key and McBride, ; MacDonald and McBride, ; Marion and Geithman, ; Sexton, ; Ward, Farm Workers Hired farm laborers face particularly difficult working conditions and experience a quality of life that is well below that of most others in the U. Many farm workers live in substandard housing and have relatively little control over their work schedule or labor practices. About 15 percent of U. This can disrupt family structure and educational experiences for children Kandel, As noted above, more than half of the farm worker population is foreign born, and many do not have legal permission to work in the United States. The insecure citizenship and immigration status of many farm workers often results in a lack of economic and political power and leaves them vulnerable to exploitation Hall and Greenman, Estimates from the Bureau of Labor Statistics indicate that unions represent only 1. Good estimates of the number of foreign born or illegal farm workers affiliated with unions are lacking, but groups such as the United Farm Workers of America, founded in by migrant farm laborer Cesar Chavez, are still organizing to improve working conditions and wages for farm workers. However, women are the principal operators of another 14 percent of all U. Moreover, when principal, secondary, and tertiary operators are counted, nearly 1 million women of all races were engaged in running U. The role of women in U. Farmers from racial and ethnic groups that are historically underrepresented in farming have also shifted in recent years. Historically, the number of African American farmers and sharecroppers in the United States declined by 98 percent since Banks, , a trend that is linked to political, economic, and cultural discrimination Wood and Gilbert, More recently, the number of farms owned by Hispanics, American Indians, African Americans, and Asians all increased over the number owned by each of these subpopulations in USDA, b. The number of Hispanic-owned farms, in particular, has increased by 21 percent between and Rural Communities The economic performance and quality of life for farm operators and hired farm workers can be an important contributor for community life and well-being, particularly in rural areas where farming is a major driver of local social and economic activity. Researchers know that rural communities that rely most heavily on farming for their local economic base are more likely to experience economic stagnation and population declines Isserman et al. Growing farm size and specialization of production may be associated with declining local purchasing patterns and reduced landscape amenities that could attract non-farm development Foltz et al. Traditionally, family farming systems with relatively equitable patterns of asset ownership and reliance on a family labor force have been linked to healthy dynamics in community social arenas and local businesses Goldschmidt, ; Labao and Stofferahn, ; Lyson, Evidence also suggests that more diversified farming systems can generate ecological and aesthetic landscape benefits and increase reported quality of life Deller et al. Farm worker towns in the Central Valley of California experience some of the lowest per capita income, poorest public services, and most stressed local fiscal conditions of any rural communities in America Martin, Health Access to Health Care and Health Care Benefits Farm operators and households Farm operators and their families, like millions of other Americans, deal with issues related to accessing affordable health care as well as health and safety considerations specific to this occupation. Households where farming was the primary occupation, such as in the dairy industry, were the most likely to lack health insurance ERS, j. A large body of literature has documented unequal access to health care by

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individuals who live in rural areas Murray et al. Because most farmers reside in rural areas, many of them must travel significant distances to interact with the medical system. Approximately 60 percent of farm-operator households are located in rural areas, which have known physician shortages Jones et al. According to data from the U.

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2: USDA ERS - Poultry & Eggs

The Poultry and Egg Industry Economic Impact Study measures the combined impact of the chicken, turkey, egg and other poultry growing and processing industries including renderers, hatcheries, integrated feed producers and secondary processors in (hereafter the poultry and egg industry).

However, a recent meeting revealed that they have both suffered major crises and are constantly challenged by regulations as well as market forces, reports Jackie Linden. The fifth roundtable meeting in the series on poultry economics and marketing offered the opportunity to compare and contrast the egg industries in the United Kingdom and the United States. Egg industries in crisis and their recovery Both countries have experienced a crisis in their egg sectors. Only 14 per cent of the outbreaks were in layer flocks but, because of their large average size, 71 per cent of the birds affected were laying hens, along with almost 5. The outbreaks started when the egg industry was riding high on positive consumption, production, price and exports trends and comparatively low costs of production. Then egg output fell, resulting in a decline in egg consumption, higher wholesale prices and more imports. The future of egg prices is hard to forecast, according to Mr Ibarburu, as it depends on when producers are able to re-stock. The supply of pullets is a major bottleneck in the production cycle, with a minimum 20 months to recover a whole flock. The building of new pullet houses, moving pullets on earlier, using spent hens or imported pullets or repopulating at lower stocking density are costly options or introduce biosecurity risks and so US egg production looks likely to recover only slowly. With only one company rearing and selling pullets independently, this part of the US market is not open. Mark Williams discussed how the UK egg industry recovered from a crisis of lost consumer confidence This caused egg sales to plummet as consumers lost confidence in the industry and the government was forced to offer very expensive compensation to cover the cost of purchasing surplus eggs and for the slaughter of unwanted hens. With the formation of the BEIC and the British Lion quality scheme 10 years later to eliminate Salmonella in eggs, the UK industry has emerged from the crisis in a relatively strong position. Food safety remains the top priority for the egg sector. Around 90 per cent of eggs are produced under the Lion scheme and it covers 1, registered sites. Without the scheme, the country would be only 50 per cent self-sufficient in eggs, according to Mr Williams, rather than the current 90 per cent, and human cases of Salmonella enteritidis SE Phage type 4 in England and Wales have fallen significantly. There were three unrelated outbreaks in England in the last year, affecting a duck breeder flock in Yorkshire in November , a broiler breeder flock in Hampshire in February and layer flocks in Lancashire in July Spread to other nearby farms was prevented by good biosecurity but even so, costs mounted as the result of cleaning and disinfection of the infected premises and more seriously, from the loss of some valuable exports markets for UK poultry and products. Market segmentation and regulations As a member of the European Union, conventional battery cages were no longer allowed in the UK from January Here, it is the retailers that have the greatest effect on driving the markets with 53 per cent of total sales through retailers, 23 per cent via food service and 24 per cent of sales are in the form of egg products. All retail chains specify Lion quality; several only sell eggs from free-range systems, some of them applying the same rules to own-brand products containing eggs. At times of high risk from AI infections, there is discussion in the EU generally over the length of time free-range hens may be housed without losing their designation and associated price premium. For the US, Proposition 2 came into force in January of in California, requiring producers to allow at least square centimetres per hen. Although existing systems can still be used, the main thrust was to encourage producers to switch to colony cages. The US Regulations also specify the area needed per hen in groups of different sizes. A standard cage of 3, square centimetres is only large enough to house two birds but if the partition is removed to double the space, there is enough room for eight hens. Latest figures reveal that there are now This has increased sharply since the previous steady figure of around six per cent as recently as March While the chain only accounts for two per cent of egg consumption, it is likely that other companies will follow its example and producers appear to be

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investing either in cage-free systems or adaptable systems to comply with future market needs. In England, the Beak Trimming Action Group was set up to examine the situation, and the Minister is expected to make a final decision at the end of this year. With very little information available on how to manage brown egg layers in commercial free-range flocks without beak-trimming, the BEIC was involved in three trials by Bristol University, which highlighted the likely challenges if a ban were to be introduced in the UK. The BEIC sees beak trimming as a welfare issue and based on available research, it is supporting a delay to the total ban on beak trimming and continued use of the more welfare-friendly infra-red method until better solutions can be found.

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3: The Chicken Industry Loves Federal Handouts | HuffPost

"The Economic Impacts on Consumers of Government Intervention in the Poultry and Egg Sectors: A Comparison of Alternative Welfare Measures," Working Papers , Agriculture and Agri-Food Canada. Katz, Michael,

Should the government intervene in the economy? Tejvan Pettinger economics One of the main issues in economics is the extent to which the government should intervene in the economy. Free market economists argue that government intervention should be strictly limited as government intervention tends to cause an inefficient allocation of resources. However, others argue there is a strong case for government intervention in different fields. Hoover Dam built in the s with government funds This is a summary of whether should the government intervene in the economy. Arguments for government intervention Greater equality â€” redistribute income and wealth to improve equality of opportunity and equality of outcome. For example, governments can subsidise or provide goods with positive externalities. Arguments against government intervention Governments liable to make the wrong decisions â€” influenced by political pressure groups, they spend on inefficient projects which lead to an inefficient outcome. Government intervention is taking away individuals decision on how to spend and act. Economic intervention takes some personal freedom away. The market is best at deciding how and when to produce. Arguments for government intervention to improve equality In a free market, there tends to be inequality in income, wealth and opportunity. Private charity tends to be partial. Government intervention is necessary to redistribute income within society. Diminishing marginal returns to income. The law of diminishing returns states that as income increases, there is a diminishing marginal utility. For example, your third sports car gives only a small increase in total utility. Therefore, redistributing income can lead to a net welfare gain for society. Therefore income redistribution can be justified from a utilitarian perspective. In a free market, inequality can be created, not through ability and handwork, but privilege and monopoly power. Without government intervention, firms can exploit monopoly power to pay low wages to workers and charge high prices to consumers. Without government intervention, we are liable to see the growth of monopoly power. Government intervention can regulate monopolies and promote competition. Therefore government intervention can promote greater equality of income, which is perceived as fairer. Often the argument is made that people should be able to keep the rewards of their hard work. But, if wealth and income and opportunity depend on being born into the right family, is that justified? A wealth tax can reduce the wealth of the richest, and this revenue can be used to spend on education for those who are born in poor circumstances. Using this social contract, most people would not choose to be born in a free market because the rewards are concentrated in the hands of a small minority of the population. If people had no idea where they would be born, they would be more likely to choose a society with a degree of government intervention and redistribution. Government intervention to overcome market failure 1. In a free market, public goods such as law and order and national defence would not be provided because there is no fiscal incentive to provide goods with a free rider problem you can enjoy without paying them. Therefore, to provide public goods like lighthouses, police, roads, e. Goods like education and health care are not strictly public goods though they are often referred to as public goods. In a free market, provision tends to be patchy and unequal. Universal education provided by the government ensures that, in theory, everyone can gain an education, which has a strong social benefit. Government subsidy for goods with positive externalities 3. The free market does not provide the most socially efficient outcome, if there are externalities in consumption and production. For example, a profit maximising firm will ignore the external costs of pollution through burning coal. This leads to a decline in social welfare. By contrast, other forms of energy production, like solar power, are environmentally friendly and have a positive externality. By taxing production which causes pollution costs and using the subsidy to encourage other forms of energy production, there is a net gain in social welfare.

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4: USMCA Secures Greater U.S. Access to Canada Chicken Sector - Poultry Producer

In addition to discussing impacts of the trade agreements in the short term, the working group will also chart a path forward to help the poultry and egg sectors innovate and remain an important source of jobs and economic growth for future generations.

5: Recovering From Crisis: Shared Experiences of UK and US Egg Sectors - The Poultry Site

Economic Impacts of Connecticut's Agricultural Industry â€¢ ECONOMIC MODELS 1. IMPLAN (Impact analysis for PLANing) Poultry and egg production.

6: CoBank quarterly economic outlook â€“ trade war takes a toll on ag economy - The Poultry Site

MONTREAL - According to La Coop fÃ©dÃ©rÃ©e, the Canadian supply management system should not be used as a bargaining chip for the eventual renewal of the North American Free Trade Agreement (NAFTA). If so, this would result in serious economic and social impacts for many regions of the country in.

7: Canadian Poultry & Egg Sectors Fear Loss Of Supply Management System - PerishableNews

In addition to discussing impacts of the trade agreements in the short term, the working group will also chart a path forward to help the poultry and egg sectors innovate and remain an important.

8: Measurement of Welfare Change: A Review

USA - CoBank reports from Denver; discussing how new tariffs dampen the outlook for sectors across the agricultural economy in the US. Despite the strongest global economic growth since , uncertainty around trade presents escalating concern to US agriculture.

9: Should the government intervene in the economy? | Economics Help

Economic Impacts of Alabama's Agricultural, 8 Alabama Cooperative Extension System Forestry, and Related Industries 9 Alabama's Forestry Industry The sales of forest products and related sectors totaled \$ billion in (Figure 4).

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