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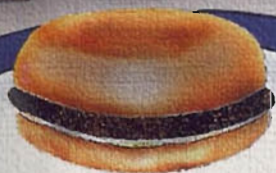
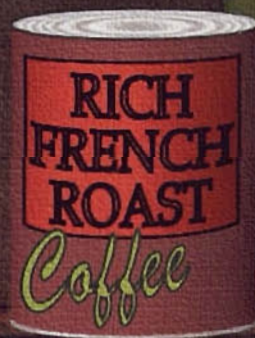
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CHOICES

First Quarter 1996



New farm legislation 1, 4, 8

Regulating food 11, 14

Findings

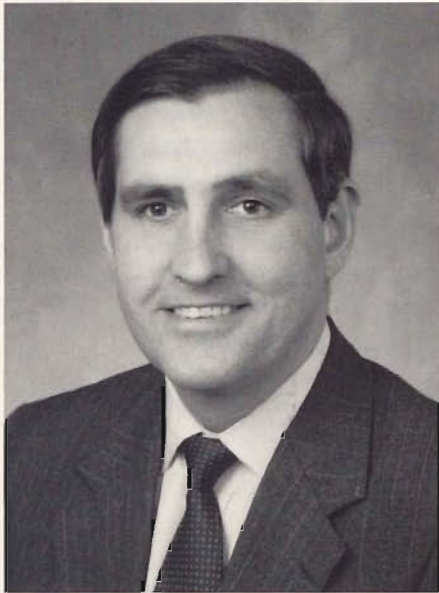
What agricultural and resource economists are finding about food, farm, and resource issues.

- In descending order, the week of sale, type of melon, year, size, grade, and shipping container affect the price growers receive for their melons—says Tronstad.
- Over the last thirty-one years, the combined real fee and nonfee costs of BLM grazing increased 17 percent for cattle permittees and 29 percent for sheep permittees—say Lambert and Shonkwiler.
- In Illinois, worker compensation and other state laws negatively affect expansion of agribusiness firms, and even current state-sponsored development incentives have little or even a negative effect on agribusiness expansion—say Vesecky and Lins.
- For the flour milling industries in Mexico, the U.S., and Canada, CUSTA and NAFTA have promoted plant consolidation, wider geographical location, and wider procurement of wheat—says Wilson.
- Fluctuating exchange rates increase the risks of doing business abroad, but various strategies including multinational vertical integration, shifts in product mix, and changing contract pricing strategies have proved successful for a Nebraska agribusiness firm that wholesales meat products to Japan—say Conley and Peterson.
- Sophisticated information requirements of the wheat processing industry create pressure to change traditional wheat grading systems, or risk price cuts and/or loss of market share, as demonstrated by Canadian durum sales to Italy—say Braga and Raffaelli.
- Even though vine-ripe tomatoes supposedly taste better and cost more to produce and market than mature-greens, producers of vine-ripes do not receive significantly higher prices for them—say Bierlen and Grunewald.
- In Bolivia, policies to control hyperinflation and correct overvalued exchange rates resulted in real economic growth for the economy, including its agricultural sector, and increased agricultural export shares tenfold—say De la Barra, Marchant, and Isinika.

Findings are taken from recently or soon-to-be published research in the *American Journal of Agricultural Economics*, *Journal of Agricultural and Resource Economics*, *Review of Agricultural Economics*, *Journal of Agricultural Economics Research*, *Journal of Agricultural and Applied Economics*, *Agricultural and Resource Economics Review*, *Land Economics*, *Journal of Environmental Economics and Management*, *Agribusiness—An International Journal*, and other journals that publish the research findings of agricultural and resource economists. Abbreviated citations are found on page 44.

ON OUR COVER—Food. New technologies and government regulations aim to protect our food supply, but protection adds to food costs, and often causes controversy. Authors in this issue assess food labeling and food safety regulations.

End of the “Agriculture Era”



J.B. Penn is senior vice president and head of the Washington Office of Sparks Companies, Inc., an agricultural information and consulting company. He has served as an economic consultant for fourteen years, focusing on economic policy developments.

Washington's agriculture policy focus for the past eighteen months has been the farm bill. To the surprise of many, the final product will shift agricultural policy into a new era, end the long-enduring concerns about surpluses (and attempts to control them), and create a business-like focus on markets and growth. And, it probably is the last of the periodic farm bills, with their traditional commodity focus. Regardless of the bill's final particulars, the debate this time also produced something much more far-reaching. Arguably, it has produced the end of this country's "agriculture era," and signals the final unwinding of the long-standing but important "social compact" between agriculture and the government created in the 1930s.

The debate last year came against the backdrop of the "Republican revolution," entirely focused on budget cutting with the ultimate objective of a greatly diminished governmental role in economic life. While the debate began with fundamental questions about farm programs, it resulted in greatly expanding recognition of many factors long known to the agriculture community but not reflected by the political process, thus enabling large federal support for the sector long after most real needs had ended.

Today, economic realities have become abundantly clear to the political process, with it recognizing that (i) a very small number of farms with an average net worth of around a million dollars markets most of the food and fiber; (ii) farming's role in the rural economies has come to be relatively unimportant in all but a few counties—those among the most affluent; and (iii) the farm population has become so small that the Census Bureau no longer enumerates it separately (for the first time since the founding of the country). In short, policy makers recognize that agriculture has "graduated" from a developing to a mature sector, now in little need of public support.

Agriculture already was entering a new era—hastened by increasingly favorable market conditions—with new trade agreements that promise expanding market access, and extensive structural changes that have been ongoing within the sector. It is continuing to shift from the past focus on farming, production, supply and commodities to business, markets, products, processing, and adding value. The environment created by the new legislation will accelerate that shift and alter both the focus and content of future agriculture policy.

The ongoing two-year debate and

the law it produces will have even more far-reaching effects. Consider that virtually all of the public support for agriculture, not just the farm programs, is predicated on "helping farmers," or focused around farms and farmers. With already declining public funding, the new business orientation heralds even greater declining public attention for those issues and portends less and less support for nearly all of the institutions built around agriculture. Smaller and declining funding, along with changes in the sector itself, suggest that many of those institutions (and the functions they provide) will cease to exist or be changed drastically. The U.S. Department of Agriculture is perhaps a prime example. A large bureaucracy, with its state and county presence across the country, is hardly necessary to mail checks to farmers twice a year. Research and extension services and the land grant university system have been facing enormous challenges for more than a decade, and that debate, already underway, becomes much more immediate now. Many of the agriculture professions—including agricultural economics—and their professional associations must ask anew the question of who their customer/client base is, and what services are needed.

The challenge is to insure that the adaptation process keeps pace with shifts in the system served so that changes can be incremental. The alternative is to ignore the new environment and thus force the inevitable changes to be more monumental and less constructive.

A handwritten signature in black ink, appearing to read "J.B. Penn", located at the bottom right of the page.

Table of Contents



Feature

4 Can farm policy be reformed?

Challenge of the Freedom to Farm Act

by David Orden, Robert Paarlberg, and Terry Roe

8 The post-commodity-program world

Production adjustments of major U.S. field crops

by Carl Zulauf and Luther Tweeten

11 Food labels and ethics of consent

by Paul B. Thompson

14 Microbial foodborne illness

The costs of being sick and the benefits of new prevention policy

by Jean Buzby and Tanya Roberts

18 Why China will not starve the world

by Scott Rozelle, Jikun Huang, and Mark Rosegrant

26 Swine odor nuisance

Voluntary negotiation, litigation, and regulation: North Carolina's experience

by Tomislav Vukina, Fritz Roka, and Raymond B. Palmquist

30 Industrialization of agriculture

What are the implications?

by Michael Boehlje

Gallery



Orden Paarlberg Roe Zulauf



Tweeten Thompson Buzby Roberts



Rozelle Huang Rosegrant Vukina



Roka Palmquist Boehlje

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In Short

34 The world wide web: Applications in agricultural economics

by Russell Gum and Russell Tronstad

37 Reducing nutrient pollution: Hopeful signs

by Clayton Ogg

Departments

1 Editorial

End of the "agriculture era"
J.B. Penn

2 Gallery

About the authors

22 Graphically speaking

Intellectual property rights encourage private investment in plant breeding
Keith Fuglie, Cassandra Klotz, and Mohinder Gill

41 Letters

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