



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

CHOICES

FALL 2002

A New Brand of Agriculture

Farmer-Owned Brands Reward Innovation
page 6



*Ag Economists
and Good
Public Policy*

PG 11

*The Road
to Not-So-
Wellville*

PG 19

*Supply Chains:
Linked to
Safer Foods?*

PG 41

So They Say

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

■ **PYRAMIDS AND POLITICS.** Marion Nestle writes about the 1991 controversy over the USDA Food Pyramid: "...science conquered politics; the slightly more effective design survived. The delay and persistent press reports brought the *Pyramid* extraordinary publicity that may well have been worth its extra cost. The design was used immediately in schools and on package labels, and it soon became the most widely distributed and best-recognized nutrition education device ever produced in this country. The Pyramid is an icon." Nestle, Marion. *Food Politics: How the Food Industry Influences Nutrition and Health*. Berkeley: University of California Press, 2002, pp.65-66.

■ **DIVERSIFY YOUR COMMUNITY!** Charles M. Tolbert and his co-authors continue a long-standing discussion by saying: "Communities dominated by one or more large national or international firms are vulnerable to greater inequality, lower levels of well-being, and higher rates of social disruption than localities where the economy is more diversified. In the current era of economic globalization and political devolution, an effective economic development strategy should be geared toward fostering an economically independent middle class everywhere." Tolbert, Charles M., M.D. Irwin, T.A. Lyson, and Alfred R. Nucci. "Civic Community in Small-Town America: How Civic Welfare Is Influenced by Local Capitalism and Social Engagement." *Rural Sociology* 67(1):90-113, page 111.

■ **EXPANDED USES FOR FOOD AND TECHNOLOGY.** In an October 16, 2002, statement regarding World Food Day, U.S. Secretary of Agriculture, Ann Veneman said: "The United States is fully committed to the ambitious goal of feeding the world's hungry — not only through aggressive relief, but also through empowering those in need to gain access to and utilize the wonders of modern agriculture to feed themselves." Statement by Secretary Veneman available at <http://www.ocav.usda.gov:8080/ramgen/secy/wfd.rm>.

■ **THE INTERNATIONAL APPLE.** McKenna and Murray talk about the international apple trade by saying: "It is difficult to speculate what will happen in the ... world apple trade ... New Zealand's higher-cost industry structure, aimed at the top end of the market, is not guaranteed to survive ... Chile's lower-cost industry structure does not provide the consistent quality and innovation in varieties demanded by wealthy consumers who want attractive, safe, fresh food. The future emergence of ... China; possibly India; and, to a lesser extent, Brazil, would fundamentally restructure the dynamics of world fruit supply and trade." McKenna, Megan K.L., and W. E.

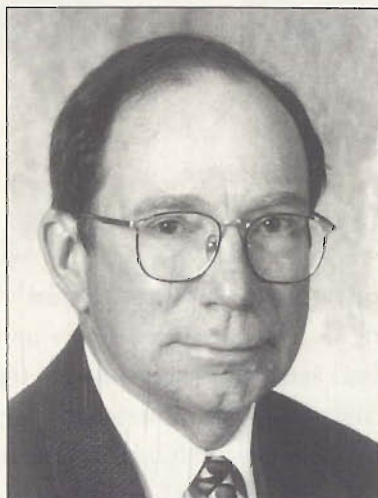
Murray. "Jungle Law in the Orchard: Comparing Globalization in the New Zealand and Chilean Apple Industries." *Economic Geography*. 78(October 2002):495-515, page 511.

■ **IS SAFETY ALSO SECURITY?** John E. Stauffer, long-time commentator on food quality, says: "The established concept of food safety, as epitomized by HACCP, has morphed into a new concern, food security. This much broader concern covers all factors that might impinge on our food supply. Now when considering potential hazards we must remove our blinders to see a much bigger picture. This is not an easy assignment, because in many cases we are dealing with the unknown. Stauffer, J.E. "Crisis Management." *Cereal Foods World*. 47(November-December 2002):447-448, page 448.

■ **WHEAT BREEDING BEFORE BIOTECH.** Olmstead and Rhode say that it's only a matter of method and pace: "The evidence suggests that the current rapid turnover in wheat varieties, which many contemporaries view as a product of modern science, has nineteenth-century antecedents. In the past as today, new wheat varieties could be secured by introduction from other regions; selection of naturally occurring mutations and crosses; and deliberate hybridization. The balance has shifted over time, but it is important to recall that the commercial spread of wheat varieties derived from hybridization (and subsequent selection) began before 1870." Olmsted, A.L., and P.W. Rhode. "The Red Queen and the Hard Reds: Productivity Growth in American Wheat, 1800-1940." *The Journal of Economic History* 62(December 2002):929-967, page 940.

■ **USEFUL (BUT FISHY) ECONOMIC INTELLIGENCE.** John Hargreaves throws kudos to agricultural economists when he says: "Information generated by economics research served as a powerful motivating factor that stimulated entry into catfish farming. ... Agricultural economists prepared enterprise budgets that listed the magnitude of cost items, thereby allowing estimation of potential returns. Research on the economics of catfish production provided bank loan officers with the critically important information [needed] to judge the merits of business plans prepared as a part of loan applications by potential catfish farmers." Hargreaves, J.A. "Channel Catfish Farming in Ponds: Lessons from a Maturing Industry." *Reviews in Fishery Science* 10(3&4 2002):499-528, page 516.

■ **CHOICES APOLOGIZES.** In the Summer 2002 issue (p. 35), we published the wrong photo and identified it as author Mary Muth. We regret the error — *the Editors*.



Form Changes: Function Persists

The majority of authors whose work is published in *CHOICES* are applied economists – they solve problems that occur in the real world. Their days are spent developing economic intelligence – the information that can be used by households, businesses, and governments to make more effective decisions. These economists are very skilled at what they do.

However, economic intelligence is of little use if it stays in the hands of those who create it. Some years ago, the American Agricultural Economics Association recognized this and put *CHOICES* Magazine in place. The magazine strived to make economic intelligence available to a wide audience that includes those who can use the information as well as those who produce it. Other economists, teachers, entrepreneurs, policy makers, and interested citizens — especially those involved with food, farm, and resource issues — became the target audience.

In many respects, this audience includes

the same people and the same kinds of people who have always used the economic intelligence produced by applied economists. However, the method of reaching out has changed demonstrably. A century ago, only a few people used economic intelligence, and this information was distributed by word of mouth and by a few major newspapers. By the 1920s and 1930s, more people were seeking information to assist them in making economic decisions. Radio filled the need. After WWII, television became almost ubiquitous in the United States. It instantly became an important medium to transmit information about prices and opportunities in the micro-economy and about performance in the macro-economy.

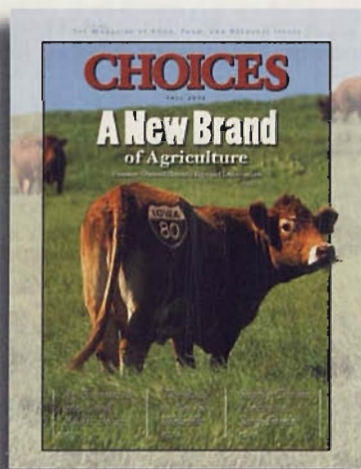
Another major change came in the late 1980s and 1990s: the World Wide Web, the Internet, and “on-line” information. By the closing decade of the 20th Century, television had become a medium for entertainment, and hard information about the performance of the economy was increasingly available only on-line.

The closing years of the last century was a period of great frustration for leaders and decision makers in the AAEA: they wanted to continue disseminating information to a wide audience, but the method of reaching this audience was always in question. Quite appropriately, economics helped provide the answer. The costs of continuing to publish a hard-copy magazine soared. The result of this coincidence brought the Association to 2003 and a new way to publish the magazine. Beginning immediately, *CHOICES* will join a number of other magazines and newsletters on line. This is not a perfect situation for all readers: some would prefer to hold hard copy. Some would like to read the articles in bed. Some would like to read the articles during the commute between work and home. AAEA and the editorial staffs of the magazine are sorry that this will no longer be possible, but all are pleased that the magazine has enjoyed 18 successful years. It will continue in a different format to bring economic intelligence to a wide audience of interested parties.



CHOICES

Fall 2002



ON THE COVER A New Role for Branding Can branded agricultural products help farmers break the cycle of low commodity prices and help capture more value at the farm gate?

Features

6 A New Brand of Agriculture? Farmer-Owned Brands Reward Innovation More farmers in what have up to now been considered “commodity” markets are attempting to capture more value through brand differentiation of their products.
by Dermot J. Hayes and Sergio H. Lence.

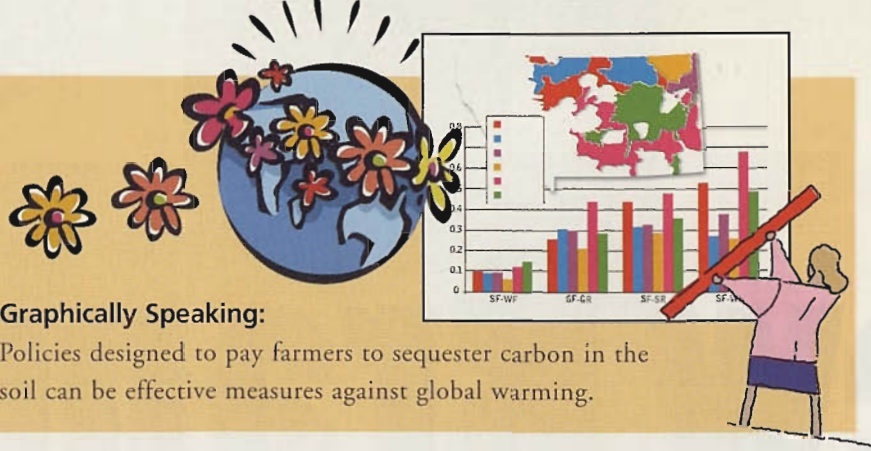
11 Can Agricultural Economists Contribute to Good Public Policy? What is good for agriculture and what is good for the society at large may not be identical. Agricultural economists must choose whether to serve the industry or a broader set of stakeholders; in either case, more transparency in the discussion would be beneficial.
by John E. Lee.

15 Animal Waste Policy: Reforms to Improve Environmental Quality Consolidation in animal agriculture has led to a waste management problem that outstrips the ability of current policies to cope. The authors look at some potential solutions.
by Aya Ogishi, Mark Metcalfe, and David Zilberman.

19 The Road to Not-So-Wellville Despite the volume of nutritional information now available to consumers, they continue in many cases to choose less healthy eating options, driving obesity rates and other health problems upward. Why?
by Lisa Mancino and Jean Kinsey.

26 Strengthening a Fragile Rural Health-Care System: Critical Access Hospitals and Telemedicine As rural populations decline, those who remain can find themselves underserved by health-care providers. Critical Access Hospitals and telemedicine are two efforts to help fill the gap.
by Susan M. Capalbo, Tyler J. Kruzich, and Christine N. Heggem.

30 Inside the Bottle: The Wine Business The “grape glut” has driven down prices for grapes used in the premium



Graphically Speaking:

Policies designed to pay farmers to sequester carbon in the soil can be effective measures against global warming.

wine segment. The authors look at the economics of wine.
by Dale Heien and Philip Martin.

34 The Other Side of the Pond: U.K. Farm Crises, Ignored Lessons About Agriculture and Society Congress ignored broad public policy questions and non-agricultural interests in crafting the 2002 Farm Bill. The "American style" of ag policy stands in sharp contrast to that of the United Kingdom. by Gregory L. Poe.

38 Size Counts: The Economic Value of Bottled Water Consumer buying patterns with regard to bottled water shows that they value attributes other than price per ounce. by Jeffrey L. Jordan and Senhui He.

41 Supply Chains: Linked to Safer Food? Analysis of pesticide residues on Florida produce suggests that vertical coordination or integration may have a salutary effect on food quality and food safety, at least in some cases. by Richard L. Kilmer and Thomas J. Stevens III.

Departments

2 So They Say

3 Editorial by Paul W. Barkley

24 Graphically Speaking Farming the Environment: Spatial Variation and Economic Efficiency in Soil, Developing Policies for Carbon Sequestration and Agriculture.
by John Antle, Susan Capalbo, and Sian Mooney.

46 Feedback: Letters to the Editor

■ PUBLISHER

The American Agricultural Economics Association
415 S. Duff Ave., Suite C
Ames, IA 50010-6600

■ EDITOR

Paul W. Barkley
Dept. of Agricultural Economics
211E Hulbert Hall
Washington State University
PO Box 646210
Pullman, WA 99164-6210

■ PUBLISHING SERVICES

Clear Window MultiMedia
A Meister Company
37733 Euclid Avenue
Willoughby, OH 44094
(440) 942-2000

■ ADVISORY BOARD

Andrew Barkley	Richard Levins
Daniel Bernardo	Noelwah Nerusil
Michael Boehlje	David Orden
Gary Brester	Gregory Poe
Joyce Cacho	Brian Revell
Betsy Cody	Tanya Roberts
John Davis	Priscilla Salant
Hal Harris	Katherine Smith
Ray Huffaker	Dawn Thilmany
Cathy Jabara	Wally Thurman
Craig Jagger	Judith Whipple
Wilfrid Legg	

CHOICES (ISSN 0886-5558) is published quarterly by the American Agricultural Economics Association for people who want to be informed about food, farm, and resource issues — and the policies that affect them. Views expressed herein are those of the authors, and not necessarily those of CHOICES or its publisher. Postage paid at Willoughby, OH, and additional mailing offices. All rights reserved. Quotation with credit is permitted. © 2003 Vol 17, No. 4, American Agricultural Economic Association. Subscription rates for U.S.: individuals — \$20.00 per year (four editions). (Canada, Mexico, South America, United Kingdom and Europe \$30; other \$40.) Send subscription correspondence to CHOICES, AAEA Business Office, 415 South Duff Ave., Suite C, Ames, IA, 50010-6600. Telephone (515) 233-3234, FAX (515) 233-3101. Writers' guidelines are available at our Web site: www.aaea.org/choices/. Send four hard copies and an electronic copy of each manuscript to the editor, Paul W. Barkley, Dept. of Agricultural Economics, 211E Hulbert Hall, Washington State University, PO Box 646210, Pullman, WA, 99164-6210.