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*Re-Engineering Marketing Policies
for Food and Agriculture*

WAITE MEMORIAL BOOK COLLECTION
DEPT. OF AG. AND APPLIED ECONOMICS
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**Food and Agricultural Marketing Consortium
FAMC 94-1**

Food and Agricultural Marketing Consortium

The Food and Agricultural Marketing Consortium is chartered to provide researchers, extension educators, agricultural leaders, agribusiness representatives, interest groups, and policy makers with a forum in which to address issues affecting the vitality and competitiveness of the U.S. food and agricultural marketing system. Economists interested in working within this pattern are encouraged to contact the chair of any scheduled workshop.

Schedule

January 1995: *The Role of Public Policy for Market Development (Foreign and Domestic)*—Orlando, Florida

Les Myers, Virginia Polytechnic Institute and State University,
Chair—(703) 231-6301
Terry Roe, University of Minnesota
John Nichols, Texas A&M University

January 1996: *Updating Policy to Modify Agricultural Market Structure of Behavior*—Washington, DC

Steve Sonka, University of Illinois, Chair—(217) 333-1817
Julie Caswell, University of Massachusetts
Mike Cook, University of Missouri

January 1997: *Modern Cooperatives in the Food System*—Orlando, Florida
Mike Cook, University of Missouri, Chair—(314) 882-0127

Note to Readers:

This was truly an exciting, stimulating conference—one with a lot of interchange among the main speakers, the discussants, and other conference participants. In an attempt to capture this lively atmosphere, I have interspersed comments into the text of the papers and placed other comments where appropriate to the topic, rather than where they occurred chronologically. Because of this unusual format, the Table of Contents mentions the beginning pages of only the main papers.

To get a feel for what went on if you weren't there, turn to the last section first, "Where Do We Go From Here?" Then, read the sections of particular interest to you.

Carole Frank Nuckton
Technical Editor

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Preface

The second symposium sponsored by the *Agricultural and Food Marketing Consortium* was conducted January 13-15, 1994, in Washington, DC. This symposium organized the economic aspects of four contemporary issues in food and agricultural marketing:

Food inspection and safety,
Marketing orders,
Commodity grade criteria and standards of identity for food products, and
The Situation and Outlook activities of the U.S. Department of Agriculture (USDA).

Each issue is broad and multifaceted. Each has considerable importance to special interest groups engaged in food production and food processing. Consumers and certain government agencies with responsibility or regulatory authority associated with these issues also have a keen interest in the structure and implementation of these policies or programs.

The inaugural symposium, *Food and Agricultural Marketing Issues for the 21st Century*, re-examined the rationale for agricultural marketing policies given structural and technological changes that have resulted in an industrialized and complex food production and distribution system. Because these policies were cumulated over many years, during a time when production agriculture and food processing were less industrialized and structurally concentrated, the first symposium served to update the rationale and economic logic of public intervention in agricultural and food markets. As a logical successor, this second symposium targets the four specific issues of contemporary importance that represent such a complex array of multifaceted policies and regulations.

Information

A theme that developed in the opening session of the conference was: balancing the right of private firms to secrecy and the public right to information. Clearly, proprietary firms in capitalistic economies have a right to proprietary information and to maintain secrets to protect their own interests. Concomitantly, the public has a right to efficiency and assurance that industries, markets, and marketing systems post adequate performance. At any point in time, myriad public policies and government regulations promulgated from these policies involve this natural conflict, whether or not the results are asymmetrical or balanced.

The foundations of public policy in agricultural and food markets may be either *facilitating* or *monitoring* in nature. Some policies are aimed mostly at facilitating the increased efficiency and functioning of markets. Others aspire primarily to monitor industries or markets to assure adequate performance. In either case, information must be collected and is used, in part, to gauge the effects and efficacy of the policies. This necessarily results in a role for government collection of public information. The opening session was designed to address these matters from a broad economic and philosophical perspective. Then, major papers were presented on each of the four specialized topics.

Food Inspection and Safety

The food inspection and safety session reviewed pertinent current policies and agency jurisdictions. Examining the evolution of these policies, jurisdictions, and regulations lent a perspective to their rationale. In addition, technical and/or managerial (e.g., Hazard Analysis and Critical Control Points, HACCP) changes

that may assist in enhancing food inspection and safety were identified. The need for new authority or new services, with particular attention to a marketing systems perspective, was examined.

Marketing Orders

The session on marketing orders explored the concept of orderly marketing and identified the commodities most affected by marketing orders. The focus was on critically exploring the contemporary need for marketing orders, given the structural changes that have occurred in agriculture. The presentations included discussion of both state and federal marketing orders and the influence these have on the efficiency and welfare of producers and consumers. The need for changes from a marketing systems perspective was also examined.

Grades and Standards

The session on grades and standards juxtaposed two vertically-related issues concerning food "quality." There are several options for the content and delivery of information on quality characteristics to interested parties, be they intermediate buyers or final consumers. Alternatives to commodity grade criteria other than sensory characteristics were considered. Alternatives might include nutrition-based criteria, chemical residues in the case of fresh fruits and vegetables, or protein content in the case of soybeans and wheat.

In addition, the session examined standards of identity and their relationship to nutritional labels.

Situation and Outlook

Alternatives to the current situation and outlook services, as well as consequences associated with alternative programs, were examined. Private information services or a combination of public and private initiatives were considered. The need for changed policies regarding publicly funded situation and outlook activities was critically evaluated.

Summary Session

The final presentation summarized across these four issues and attempted to draw cross-issue similarities. This session contemplated the future role for collection and dissemination of information for both facilitating and monitoring functions.

Along with the formal presentations were assessments of assigned discussants and the informal interactions of participants. The informal format of this publication is chosen to capture the essence of this discussion and interaction, along with the presentations. Our purpose and hope is to reflect and respect the community of ideas and inputs from participants rather than to identify a resolution to these complex issues.

Tom Sporleder
Program Organizer