

Economic and Structural Relationships in U.S. Hog Production. William D. McBride and Nigel Key, Resource Economics Division, Economic Research Service, U.S. Department of Agriculture. Agricultural Economic Report No. 818.

Abstract

Rapid change in the size and ownership structure of U.S. hog production has created new and varied challenges for the industry. This report describes an industry becoming increasingly concentrated among fewer and larger farms, and becoming more economically efficient. These changes have not come without problems. The increasing market control and power concentrated among packers and large hog operations, and the manure management problem posed by an increasing concentration of hog manure on fewer operations, are paramount concerns. Addressing these concerns through regulations would likely impose economic costs that could be passed on to consumers. In addition, the relative mobility of the hog industry means that regulations could result in significant changes in the location of hog production facilities, with ripple effects in local economies. Balancing environmental and economic interests will challenge policymakers dealing with the implications of structural change in U.S. hog production.

Keywords: Hog production, industry structure, structural change, production costs, contract production, manure management.

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