

The Changing Concentration and Structure of Livestock Production: Conclusions

The analysis of concentration and structural change in the livestock industry from 1969 to 1992 provides some indication of how each of the sectors fit into the conceptual structural change process presented in figure 2. The high degree of concentration in broiler and fattened cattle production in both 1969 (1978 for fattened cattle) and 1992 suggests that these industries were much further along in the process at the start of the study period. Although geographic concentration in both the broiler and fattened cattle industries increased during the study period, major regional shifts in production were not observed. Fed cattle production experienced movement from traditional Corn Belt production areas into the Plains, but these areas were already highly concentrated in cattle feeding. The change observed during the study period likely was a continuation of the longstanding migration of fattened cattle production to Plains States. The experience of the broiler industry was unique during this period because of the substantial expansion of production. However, much of this expansion was absorbed in the major production areas, often to counties already in close proximity to the major producing counties. The experience of both fed cattle and broiler production during the study period is best described by the latter stages of the conceptual change process. Little dislocation of production occurred, but the size and specialization of operations increased and the use of contract production arrangements for risk management was substantial (USDA/ERS, 1996).

The experience of hog and milk production during the study period was very similar, but much different than that of the broiler and cattle feeding sectors. Regional production shifted significantly. Hog production in the Southeast expanded substantially. Likewise, the proportion of total milk production in Western States

increased. Increased production in nontraditional areas can, to a large extent, be attributed to the adoption of modern production methods in these areas, resulting in larger operations that take advantage of economies of scale (McBride, 1995; Short and McBride). The new production methods enabled producers in these areas to compete with those in the traditional production areas. During the study period, the hog and dairy industries showed many characteristics of early stages in the conceptual change model. Further, expanded use of contract production arrangements in the hog industry is evidence of adjustments to the added risks of industrialization, as suggested in later stages of the model.

Geographic concentration in egg production increased dramatically from 1969 to 1978 where it leveled off through 1992. Production in traditional areas of California and the Southeast declined during the study period, while production in counties of Pennsylvania and Ohio expanded substantially and has since increased even more in Ohio and Indiana. In terms of the conceptual change model, egg production was characterized by rapid change, showing characteristics of all stages during the study period. Productivity increased, location of production shifted, and farm size and specialization increased. Integrated operations also became much more prevalent in egg production.

The geographic concentration of feeder cattle production increased during the study period, but remained well below that of other livestock industries. Greater land use for beef cow maintenance, with few incentives for intensive confined production, has kept the beef cow inventory much less concentrated than production in other sectors. Beef cows are mainly used to provide a return to marginal lands that have little or no alternative use. Given these basic structural characteristics, feeder cattle production is unlikely to change significantly anytime soon.