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## Center for Agricultural & Food Industrial Organization - Policy Research Group

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# CORNHUSKER ECONOMICS

UNIVERSITY OF  
**Nebraska**  
Lincoln

October 3, 2012

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
<http://agecon.unl.edu/cornhuskereconomics>

University of Nebraska–Lincoln Extension

## Center for Agricultural & Food Industrial Organization - Policy Research Group

Market Report	Yr Ago	4 Wks Ago	9/28/12
<b><u>Livestock and Products,</u></b>			
<b><u>Weekly Average</u></b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	\$120.14	\$122.38	\$123.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	152.32	159.88	162.70
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	138.77	143.60	144.46
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	183.19	191.05	191.77
Western Corn Belt Base Hog Price Carcass, Negotiated. . . . .	89.25	73.47	74.54
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean. . . . .	97.83	82.73	79.41
Slaughter Lambs, Ch. & Pr., Heavy, Woolled, South Dakota, Direct. . . . .	174.25	94.00	85.75
National Carcass Lamb Cutout, FOB. . . . .	409.37	315.09	311.15
<b><u>Crops,</u></b>			
<b><u>Daily Spot Prices</u></b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	5.91	8.10	8.44
Corn, No. 2, Yellow Nebraska City, bu. . . . .	5.83	8.04	7.44
Soybeans, No. 1, Yellow Nebraska City, bu. . . . .	11.14	17.37	15.61
Grain Sorghum, No. 2, Yellow Dorchester, cwt. . . . .	9.66	13.21	12.61
Oats, No. 2, Heavy Minneapolis, MN, bu. . . . .	3.45	4.07	3.85
<b><u>Feed</u></b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	185.00	242.50	237.50
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	140.00	220.00	212.50
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	92.50	160.00	185.00
Dried Distillers Grains, 10% Moisture, Nebraska Average. . . . .	202.50	322.50	276.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average. . . . .	69.50	119.00	110.13
<b>*No Market</b>			

The University of Nebraska-Lincoln has received a prestigious grant from the United States Department of Agriculture (USDA) under the Policy Research Centers Program. This grant has supported the establishment of a Policy Research Group (PRG) as part of the Center for Agricultural & Food Industrial Organization (CAFIO) in the Department of Agricultural Economics. CAFIO-PRG is led by the Project Director, Professor Konstantinos Giannakas, and its main focus will be on the development of a novel, integrated, multi-market framework of policy analysis.

This new policy analysis framework will explicitly account for heterogeneity in consumer preferences and/or incomes; heterogeneous producers (producers differing in education, experience, motivations, location, management skills, technology adopted, etc.); imperfectly competitive input suppliers, processors and/or retailers; and links and interactions between the agri-food supply channels of interest (i.e., markets of the regulated product and its relevant substitutes, and complement products and services).

The new policy analysis framework will be based on various models developed by Dr. Giannakas and his colleagues over the past decade to analyze the market for organic products; the economics of innovation and intellectual property rights; the economic effects of the introduction of genetically modified products under different regulatory and labeling regimes; the role of cooperatives in the agri-food system; conservation compliance on highly erodible lands; the market and welfare impacts of country-of-origin-labeling; and consumer demand for quality-differentiated products.

CAFIO-PRG research will build on this knowledge and experience to provide a policy analysis framework that can be adapted to encompass all relevant segments/participants in the agri-food system.



Extension is a Division of the Institute of Agriculture and Natural Resources at the University of Nebraska–Lincoln cooperating with the Counties and the U.S. Department of Agriculture.

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Once developed, this new framework will be used to analyze important policy issues such as (1) the market potential and optimal regulatory response to food nanotechnology, (2) producer behavior and design of policies related to downstream water pollution issues, (3) least-cost policies to facilitate commercialization of biomass crops for energy, (4) the impact of agricultural policies on entrepreneurship and the economic development of rural communities, and (5) producer response to various risk management policies.

In addition to the development and application of the new framework of policy analysis, a key component of CAFIO-PRG research will be the extensive utilization of behavioral and experimental economic methods in policy analysis and policy design.

***Innovation of Approach and Expected Impact.*** The explicit consideration of consumer and producer heterogeneity in CAFIO-PRG policy research represents a significant departure from the “representative consumer” and “representative producer” that have been the foundation of most of the literature on policy analysis. Indeed, through its reliance on the conventional models of representative consumers and producers, traditional agricultural policy analysis has (implicitly or explicitly) assumed a homogeneous response to, and impacts from, various policies affecting the agri-food marketing system. It is well-known, however, that both consumers and producers are highly heterogeneous groups, and that this heterogeneity is expressed through highly diverse demands for and supplies of products, programs, services and policies. In this context, the traditional focus on representative consumers and/or producers prevents both the determination of the effects of different policies on different consumer and producer groups, as well as the understanding of the widely different positions held by seemingly similar groups in policy negotiations.

In addition to enhancing the empirical relevance of policy analysis by allowing the research to account for key elements of the increasingly industrialized agri-food system, the explicit consideration of consumer and producer heterogeneity will enable the analysis to disaggregate these interest groups and *determine the effects of different policies on different consumers and producers* (e.g., consumers of nanofoods versus consumers of conventional, genetically modified and/or organic products; low- versus high-income consumers; more- versus less-efficient producers; etc.). *Better measures (and understanding) of the effects of a policy can lead to improved policy design, enhanced efficiency, increased effectiveness and reduced policy failures.*

***Participants:*** CAFIO-PRG includes faculty from the Department of Agricultural Economics (7), the School of Natural Resources (2), the Department of Economics (2), and the Office of Research and Economic Development (1), and will interact with a consortium of five other University of Nebraska-Lincoln Centers that will provide input to this project. The breadth and depth of this group’s expertise creates exciting possibilities on the potential synergies that this endeavor can facilitate, and uniquely positions the team to effectively address important, current and forthcoming policy issues.

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