

## July 2023 Newsletter

Hello Colleagues and Friends,

Welcome to our monthly newsletter! This month's features are:

- The Market Corner article Importance of Agricultural Trade for the US by C-FARE Board Member, Luis Ribera
- An Op-Ed titled Market Incentives Versus Regulations by C-FARE Board Chair, Gal Hochman
- New Direction features articles and papers titled:
  - [Is Privacy and Personal Data Set to Become the New Intellectual Property?](#)
  - [The economics of property rights in digital farming data: Implications for farmland markets](#)
  - [What food waste solutions do people support?](#)

Keep reading to learn more,

**C-FARE**

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### Market Corner

#### Importance of Agricultural Trade for the US

Trade is very important to production agriculture in the United States. Over the last 12 years, 2011 to 2022, agricultural exports have accounted for over one-third of US gross farm income, 33.9 percent (USDA ERS and FAS). US gross farm income ranged from \$399.4 billion in 2016 to \$604.1 billion in 2022 while US agricultural exports ranged from \$137.2 to \$195.9 billion in 2015 and 2022 respectively. Moreover, in terms of volume, US agriculture exports over 20 percent of its production. However, for some commodities that number is considerably higher. In 2021, 83.6 percent of the US cotton crop was exported as well as 64.8 percent of US sorghum crop (Table 1). Soybeans, Wheat, and Rice producers also depend on exports for close to half of their production.

US consumers also benefit from agricultural trade as they have year-round supply of food products that either cannot be produced domestically or are highly seasonal such as fruits and vegetables. Virtually all limes and bananas consumed in the US are imported and over 95 percent of the coffee consumed is not produced domestically (Table 2). Orange juice and tomatoes are produced in the US commercially, however, US consumers depend heavily on imports for year-round supply of these products.

Regardless of where the agricultural products are produced, domestically or overseas, all US consumers benefit. Table 3 shows the ranking of the top 10 countries in terms of lowest to highest percentage of disposable income spent on food at home. US consumers spend on average 6.7 percent of their disposable income on food which makes it the lowest out of 104 countries where data is available.

**Luis Ribera, C-FARE Board Member and Professor at Texas A&M University**

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## **Op-Ed**

### **Market Incentives Versus Regulations**

While economists recommend using market incentives, there is the widespread use of regulation to achieve agricultural and environmental resource management objectives. Concerns about climate change, the environment, food security and resilience, and the agricultural sector's economic viability have led to various government interventions. While economists advocate for financial incentives like a carbon tax, most interventions are through regulations and subsidies. One explanation the late Martin Weitzman provided is uncertainty about policy outcomes and industry behavior. Other alternative explanations for policy choices include political economy and political power that affects the distribution of benefits and costs. The desire of incumbent governments to establish irreversible outcomes given political uncertainty leads them to set facts on the ground. The government promotes the early adoption of technologies, thus establishing policy durability. Additional explanations include uncertainty and credit constraints, which constrain the establishment of new industries and supply chains.

These approaches may explain both environmental and agricultural policies. In the case of Environmental Policies, the political environment elects not to use a carbon tax and, instead, use various forms of command and control. In agriculture, we have a mixture of semi-market-based policies, for example, crop insurance, storage control, and conservation reserve program, with an element of subsidy.

Understanding their impact and motivation is challenging and valuable. An upcoming NIFA funded pre-conference workshop for the Agriculture & Applied Economics meeting on July 22, 2023 – [\*C-FARE Brandt Forum Agricultural and environmental policy: opportunities and challenges for US agriculture and the environment\*](#), aims to shed new light on policy design focusing on the United States agricultural and environmental policy.

**Gal Hochman, C-FARE Board Chair and Professor at Rutgers University**

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## **ICYMI**

- C-FARE is hosting a pre-conference Brandt Forum during the Agricultural & Applied Economics Annual Meeting on Saturday, July 22 focusing on **Agricultural and Environmental Policy: Opportunities and Challenges for US Agriculture and the Environment**. Learn more [here](#).

- C-FARE’s Webinar on “**The Challenge of Providing Safe and Accessible Food for a Healthy Life**” is now available on our [website](#) and through this [recording](#).
  - Check out our fourth episode of C-FARE’s podcast [Get a Grip with FARE](#) featuring Peyton Ferrier and Steve Neff from the USDA Economists Group.
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## New Directions

- **Is Privacy and Personal Data Set to Become the New Intellectual Property?** A pressing concern today is whether the rationale underlying the protection of personal data is itself a meaningful foundation for according intellectual property (IP) rights in personal data to data subjects. In particular, are there particular technological attributes about the collection, use and processing of personal data on the Internet, and global access to that data, that provide a strong justification to extend IP rights to data subjects? [Learn more here](#).
- **The economics of property rights in digital farming data: Implications for farmland markets.** The emergence of precision farming technologies has increased the amount and detail of farming data collected by producers. Data increases farm profitability by complementing digitally connected equipment and improving on-farm decision making. The value generated by farm data may be capitalized into the underlying farmland asset, potentially raising sale and rental prices. [Read more here](#).
- **What Food waste solutions do people support?** The U.S. Department of Agriculture and Environmental Protection Agency set the first-ever national food waste reduction goal of a 50-percent reduction by 2030. Under this policy environment, this study assesses public support for nine food waste solutions: changes in food packaging, changes in portion sizes, standardization of date labeling terms, selling imperfect produce in retail stores, making donations easier. [Learn more here](#).