

# Preface

Government policies and programs must constantly adjust to change, or they become a drag on markets and on the firms that operate within them. If US policies and programs affecting food and agricultural marketing do not adjust in a dynamic manner, it is likely that neither farmers nor consumers will fully realize the efficiency increasing gains that result from innovations that are constantly occurring in the food value chain. Armbruster and Knutson have spent many years studying markets and the policies and programs under which they operate. Both served in the position of the chief economist within the Agricultural Marketing Service (AMS) of the US Department of Agriculture (USDA). At the time, AMS had the responsibility for administering most of USDA's marketing programs. It is because of their personal interests in seeing that marketing policies and programs adjust to change that this book is written. But today, a number of policies and programs affect food and agricultural marketing other than just the traditional marketing system-focused ones. Therefore, this book addresses that broader perspective more appropriate in this age of global food and agricultural markets.

The distinction between policies and programs is important. Policy is a guiding principle that leads to a course of action or set of programs. Programs implement policies. Policies and programs exist in both the public and private sectors. People in both the public and private sectors resist change. In government, policies typically change when elections result in shifts in the political party in power, when there is a crisis, or when market evolution finally makes it obvious that adjustment is needed. In the private sector, policies typically change with changes in management, when there is a crisis, or when market evolution makes it obvious that adjustment is needed. Private sector programs tend to adjust to profit opportunities, while considering the risk involved. Firms that resist change may find themselves at a competitive disadvantage and lose market share. This creative destruction process does not operate in the public sector where program changes occur more slowly and depend on leadership by public servants and political appointees, as well as cooperation from producers and marketing firms in many cases.

Decisions needed to be made on which policies and programs to analyze. In making these decisions, the focal point was on the government policies and

programs that most directly shape contemporaneous marketing practices and decisions of farmers, agribusiness firms, and consumers throughout the food value chain. Consideration was given to interest group concerns about existing marketing policies and programs, as well as to evolving societal values and consumer expectations of the food system. Therefore, this book not only explains the changes in marketing policies and programs that have occurred and indicates where further policy adjustments may be needed, but also explores where new programs may be needed or existing program functions may be better performed by the private sector.

The individual chapter authors provide expertise based on their research and advisory roles related to the program areas they analyze. The evaluation is conducted utilizing specified economic criteria and drawing on the author's own research and that of their peers, as well as government agency and private sector information and expertise. Each chapter was reviewed by at least two agricultural economist peers from academic, government agency, or industry backgrounds. This process contributed to more accurate, up-to-date, and thorough assessments of the state of existing policies and programs, their impacts on economic efficiency in the markets and potential updates in them to better match today's market needs.

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