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VERTICAL COORDINATION OF MARKETING SYSTEMS: LESSONS FROM THE POULTRY, EGG, AND PORK INDUSTRIES

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The economic development of South Korea is often considered a model for developing countries. We use 1975 and 1990 data in a general equilibrium framework with a highly disaggregated sector specification to evaluate the opportunity cost of its agricultural protection. We show that although agriculture's share of the gross domestic product (GDP) declined between 1975 and 1990, the cost of agricultural protection, as measured by the loss in GDP, did not fall. The larger gap between domestic and world prices for the protected sectors exacerbated the distortions in resource allocation. Simulated removal of 1990 agricultural border protection reduced the share of agricultural GDP to the level actually observed in 1996, demonstrating how protection can impede economic structural development. The public policy implication is for developing countries to adopt policies that help the agricultural sector become competitive. Otherwise, as in Korea, the resource costs of delaying adjustment grow over time.

Keywords:

[South Korea](#) • [food policy](#) • [agricultural development](#) • [computable general equilibrium](#) • [protectionism](#) • [trade liberalization](#) • [rural development](#)

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Evolution of Vertical Coordination in the Poultry, Egg, and Pork Industries. Vertical coordination refers to the synchronization of successive stages of production and marketing, with respect to quantity, quality, and timing of product flows. Methods of vertical coordination include open production (also referred to as open, or spot, market), contract production, and vertical integration. In open production, a firm does not commit to selling its out-put before completing production. Cash (or spot) prices coordinate resource transfer across the stages of production. The U.S. Food Marketing System, 2002: Competition, Coordination and Technological Innovations in the 21st Century Economic Research Service, USDA (2002) (pdf). Vertical Coordination of Marketing Systems: Lessons from the Poultry, Egg and Pork Industries, Economic Research Service, USDA (2002) (pdf). Where's the Beef? Small Farms Produce Majority of Cattle Economic Research Service, USDA (2002) (pdf). Comments on Economic Impacts of Proposed Legislation to Prohibit Beef and Pork Packer Ownership, Feeding or Control of Livestock (2002) (pdf). Keywords: Industrial Organization; Livestock Production/Industries (search for similar items in EconPapers) Pages: 41 Date: 2002 References: View references in EconPapers View complete reference list from CitEc Citations: View citations in EconPapers (34) Track citations by RSS feed. Downloads: (external link) <http://ageconsearch.umn.edu/record/34051/files/ae020807.pdf> (application/pdf).