

Mandatory Labeling of Animal Welfare Attributes:

Public Support and Considerations for Policymakers

July 2011

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The U.S. livestock industry is facing unprecedented pressure in response to a host of concerns regarding how modern livestock production practices impact the well-being of farm animals. To date this concern has been expressed mainly regarding two practices: 1) the use of gestation stalls (also known as crates) by swine producers and 2) the use of laying hen cages by egg producers. Citizen petitions and legislative bills in multiple U.S. states have established space and/or movement limitations or directly banned particularly practices such as use of gestation stalls and laying hen cages. Recently the United Egg Producers and The Humane Society of the United States reached an agreement and are proposing federal legislation which if passed by Congress would establish new national standards regarding housing of egg-laying hens and establish mandatory labeling of retail egg products describing the production methods used.¹

In the context of animal welfare, mandatory labeling may potentially 1) reduce consumer uncertainty regarding the production practices used in rearing farm animals, 2) reduce search costs of consumers valuing different provisions of farm animal care, and 3) convey more complete information to livestock producers regarding consumer demand for alternative provisions of farm animal care. Economists typically prefer improving the information available to consumers in making food purchasing decisions rather than banning certain products or production practices. This publication summarizes findings and implications from a broader study that examined U.S. resident support for mandatory labeling of animal welfare information on pork and egg products and outlines a series considerations suggested for assessment prior to implementing any mandatory labeling policies.²

¹ Details regarding this July 7, 2011 announcement (and links to UEP and HSUS websites) are available at: http://www.unitedegg.org/homeNews/UEP_Press_Release_7-7-11.pdf.

² Additional related information including a corresponding journal article is available at <http://www.agmanager.info/livestock/marketing/AnimalWelfare/default.asp>

Methods

This study utilizes data collected in a large national survey conducted in October and November of 2008 of 2,001 residents providing a sample consistent with U.S. demographics. The primary purpose of this survey was to assess current awareness and perceptions of animal welfare and handling issues. As part of this broad assessment, views were gathered regarding mandatory labeling of animal welfare information on food products.

Results and Implications

When initially asked, 61.7% and 62.0% of survey respondents indicated they would be in favor of mandatory labeling of pork produced on farms using gestation crates/stalls and of eggs produced using laying hen cages, respectively. A series of subsequent survey questions were asked and models estimated to evaluate demand for mandatory labeling. The typical U.S. resident was estimated to be willing to pay about 20% higher prices for pork and egg products in exchange for mandatory labeling information conveying the use (or lack thereof) of gestation crates/stalls or laying hen cages. This estimate is prone to what economists call hypothetical bias suggesting it may overstate actual demand and hence should probably be considered an upper-bound. Several factors were identified to influence the willingness to pay of survey respondents. Females and younger consumers stated higher demand. The perceived accuracy of animal welfare information provided by livestock industries relative to consumer groups was also identified as an important demand determinant.

This analysis suggests there may be significant support by consumers for mandatory labeling of production practices impacting farm animal welfare. Prior to implementation of labeling schemes a range of additional points and unanswered questions should be addressed. In an effort to guide future policy discussions (including those tied to the above mentioned announcement by United Egg Producers and The Humane Society of the United States) here is a list of points noted in this study:

- a thorough benefit-cost assessment is needed;
- alternative voluntary labeling schemes also warrant consideration;
- mandatory labeling may not enhance consumer choice;

- food label information overload must be considered;
- disconnects between frequent meat consumers and advocates for production practice bans must be delineated;
- development of a composite animal welfare index would be a valuable contribution.

This study raises more questions than it answers - a characteristic consistent with the current state of knowledge on a host of related issues regarding animal welfare concerns and associated changes in the livestock industry. Much research remains that would further improve our understanding of underlying demand for farm animal well-being, the implications for livestock producers, and the ultimate appropriateness of alternative regulatory environments in setting standards for the treatment of farm animals and the provision of such information to the general public.