



## Module 31

# Economics and Animal Welfare

## Student Activities

### Questions

**1. Identify four hidden financial and non-financial costs not reflected in the purchase price of food.**

**(4 marks)**

- Animal welfare/suffering as a consequence of using cheaper intensive farming systems with low inherent welfare potential and high stocking density.
- Farmer welfare/suffering due to tight market conditions contributing to depression or suicide.
- Human obesity, as cheap animal-based goods may contribute to a complex culture supporting over-consumption and the associated health-care costs.
- Environmental damage in association with deforestation/land clearing to grow cereals for animal feed, excessive methane production from ruminants fed on grains, and animal waste products entering water systems outside the intensive farming system.

**2. Identify three financial benefits that improving welfare may bring to a farmer.**

**(3 marks)**

- When animals function well, feel well, and have opportunities to perform behaviours that are important to them (i.e. when their welfare is good), this increases productivity and therefore the efficiency and profitability of the farm.
- Better animal welfare enables farmers to satisfy the demand of local consumers for welfare-friendly products. Therefore farmers may be in a position to maximise sales to the domestic market.
- Better animal welfare enables farmers to meet that same demand among international consumers. So, good livestock welfare enables farmers to maximise export sales.

- 3. Consider the research concerning the direct costs of clinical lameness to dairy farms. Identify what may happen as a result of lameness in terms of dairy cattle productivity, and the costs associated with the actions that need to be taken in order to deal with the issue.**

**(4 marks)**

Lame dairy cattle tend to have lower milk production and increased calving intervals than sound cattle. Extra labour inputs from the farmer are required as well as veterinary visits, appropriate foot trimming and other relevant treatments. Additionally, milk that has been produced may have to be discarded and affected cows culled and replaced. Research from the USA and the Netherlands indicates that each case of lameness can cost a farmer \$300, and if the prevalence of lameness in a 100-cow herd is 20 per cent, this means the farmer can lose up to \$6,000 each year dealing with this issue.

- 4. List two different ways in which poor welfare imposes direct costs to a farmer by reducing farm profits and income.**

**(2 marks)**

- The direct cost of animals being stressed at the time of slaughter, which is associated with poor meat quality and the farmer potentially being penalised, as happens in the USA.
- In Asia, the direct cost of overworking draught oxen or water buffalo is a loss in terms of the animals' energy levels and subsequent value in terms of their reproductive capacity and outputs or when being sold for meat.

- 5. In your role as a vet, you may find yourself communicating with animal owners who are reluctant to change their practices to improve animal welfare. Explain five obstacles that may prevent farmers from maximising welfare.**

**(5 marks)**

Any five of the following:

- Farmers in developing countries may be unable to do much to treat diseased animals due to having a very limited income and limited access to government services that would help them to control diseases.
- More generally, it may be hard to quantify the cost of a particular welfare problem, such as a stereotypy, or even pathologies such as lameness in cows caused by solar ulcers. Because of difficulties in estimating the particular costs of poor welfare, a farmer may not see much benefit in addressing the problem.
- Farmers may not recognise how much the welfare issue may be affecting the productivity of their animals and subsequent profits.
- Even when farmers do see a longer-term financial benefit to improving welfare, they may not want to make the necessary short-term investments such as paying for veterinary advice or training staff to handle animals more gently.

- Farmers may feel too busy or short of time to monitor their animals' welfare, even if doing so could help reduce the likelihood of welfare issues negatively affecting their productivity.
- Farmers may feel too overwhelmed to embark on making changes amid other external market and economic factors.
- Ineffective communication between the vet and the farmer, where advice given has not been appropriately tailored to the farmer's concerns and motivations, may result in the farmer feeling that his/her feelings have not been considered and therefore the advice is not taken.
- The inability of the farmer to meet the capital investment required to change the husbandry system to one that is better for animal welfare, despite long-term financial benefit.

**6. Explain how retailers can stop farmers receiving the economic benefits of the better welfare standards required by food assurance schemes.**

**(2 marks)**

Farmers who meet the required standards of food assurance schemes may not receive more income if the retailers selling their produce do not charge customers more for the welfare-friendly products. Accordingly, the retailer may not pay the farmer a premium for his/her produce, and the farmer may be burdened with substantial initial capital costs for complying with the welfare requirements.

**7. Some countries place animal welfare-friendly products at a premium, and therefore export markets exist to meet this demand. Explain the potential benefits of this to farmers.**

**(1 mark)**

If farmers produce goods that meet the required welfare standards set through the relevant assurance scheme, they can begin to export these goods outside of the domestic market, and therefore increase their income.

**8. Explain how the World Trade Organization (WTO) trading restrictions may affect the import of high-welfare goods.**

**(3 marks)**

The WTO trading restrictions make it impossible for a country to ban imports of products on ethical grounds or to insist that laws designed to protect animals must apply to the imported products as well as that produced domestically. Therefore farmers in a country that legislates for higher standards may be undercut by cheap imports that do not conform to the new standards. However, retailers are exempt from the WTO rules and can therefore choose not to import products from poor welfare systems, and can ask overseas farmers to provide animal products with high welfare standards.

## In-class activity

### Discussion

We suggest you allow 30 minutes for this activity.

This discussion will focus on the role of personal consumer choice in promoting higher animal welfare standards.

This module established that market pressures created by personal consumption practices can exert a significant influence in raising animal welfare standards. This discussion asks whether veterinary students have any responsibility to take a leadership position in terms of their personal consumer choices when it comes to animal-based products: should veterinary students have a specific responsibility to buy high-welfare food?

Separate students into small groups. Ask the students to discuss among themselves whether veterinary students should have any particular role in promoting high-welfare products.

*Suggested lecturer prompts:*

As a vet, your client is the owner, but your patient is the animal. Discuss whether your role should be to support the client (and purchase goods produced in systems similar to those found on his/her farm) or whether you should be advocating higher standards of welfare and demonstrating your decision through your consumer actions? Some students may feel that their role is to keep their choices private. Examine the reasons for this.

Prompt students to reflect on whether they are conscious of the welfare level of the animal products that they may consume. What are the reasons for their answers?

If students believe that their consumption habits do play a role in shaping animal welfare practices, what economic arguments could they make to influence their peers?

If you had to make the economic case for higher welfare standards to one of your farmer clients, what approaches could you take?

Ask each of the groups to report back to the rest of the class.

## Research presentation

This module examined the idea that food production systems (sometimes referred to as agri-food chains) aim to make food as cheap as possible for the consumer – a situation which often leads to lower animal welfare standards as producers try to maximise efficiency by intensifying farming practices.

The main elements in the agri-food chain are considered to be:

- farmers, assisted by veterinarians, nutritionists and engineers
- food processors, e.g. abattoirs, assisted by veterinarians
- manufacturers, including large international corporations such as Kraft, Nestlé, etc.
- distributors: retailers (large and small supermarkets); food brokers; restaurants and other food outlets, including multinational companies such as Burger King
- food assurance schemes (e.g. the RSPCA's Freedom Food scheme, Farm Assured Namibian Meat, Ecocert Brazil)
- consumers.

**In small groups, select an agri-food chain that exists in your country. Research the main players outlined above and actively investigate their role in farm animal welfare: which sectors and companies have most economic influence in the food production systems in your country and what (if any) are their public positions on animal welfare?**

Students should produce a presentation on any of the areas listed above. Length of presentations will vary according to which area is chosen, the size of the class and the amount of time available. Where possible, students should be encouraged to present using PowerPoint or another similar presentation tool.

Lecturers are advised to use their discretion in the awarding of marks and in the feedback given to students regarding their presentation skills. A good presentation contains typical sections such as:

- Introduction (describing the purpose of the research or task)
- Main content (the outputs from the options listed below)
- Summary/conclusion (rounding up all the findings and making concluding statements, linking back to the purpose outlined in the introduction).

A good presenter speaks clearly and slowly, and doesn't engage in distracting habits such as clicking a pen while speaking, or jangling change in his or her pockets. They should remain relatively still and not move about too much which can also be distracting to the audience.

PowerPoint slides should also contain a minimum amount of text and the presenter should know the subject well enough (or read from additional notes) so that the slide works as a prompt rather than the presenter simply reading the entire slide to the audience and adding nothing extra.