



.....STRAIGHT FROM THE HORSES MOUTH

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Father's Day is just a day away as I write this article. I thought about doing a bit on the history of this day that we are to honor our fathers and grandfathers, much like we do with Mother's Day. However, I have never found as much emphasis placed on this day as we do to honor our mothers. And that is just fine. It seems that most dads don't really expect much, and in the agricultural world there is farm work to be done, cows to be checked, chores are always waiting ---and who has time for this? Don't get me wrong, I think all of us need to honor the contributions that our fathers and forefathers made and the sacrifices they made to our families, our communities and our great country. I do salute my father and all fathers out there!

I would bet that if you asked most fathers what they wanted for Father's Day, they would say...."Oh nothing". But if you pushed them, they would more than likely say "You know what? A good farmer's breakfast would be good!" I know that really appeals to me, and I would wager a lot of men like me. Nothing seems to beat a good hearty breakfast. My mouth waters thinking of bacon, hash-browns, toast with jelly and perhaps pancakes, waffles or French toast and of course with a good helping of eggs! It doesn't seem to matter if they are scrambled, hard boiled or over easy – eggs make breakfast!

Unfortunately this perfect food provided by nature is getting scarce, and straight out of Ag Economics 101- the "Law of Supply and Demand" is rearing its head. If you haven't noticed, the price of eggs has gone dramatically higher over the last few weeks. I stopped at our local grocery store and they were over \$3 for a dozen, more than double from what they were just a couple of months ago. What happened? I knew they were going to be high priced in California, but in Nebraska?

Just as I predicted after the passing of Proposition 2, California consumers pay more for eggs than shoppers in other states because voters decreed that, as of January 1 of this year, eggs sold in California had to come from chickens that could fully extend their wings and move freely in their cages. Six years ago, when Californians were debating Proposition 2, which would require larger cages for egg-laying hens, proponents assured consumers that the price of eggs would increase only a little, if at all. They were wrong! Surprise, surprise! They claimed in the state voter's pamphlet that anyone who said egg prices would increase as a result of its passage was using "scare tactics." Well the scare is here in a big way!

The cost of overhauling henhouses or reducing flock sizes has contributed to higher egg prices in California mostly because it drove chicken farmers out of business or greatly reduced the number of hens and therefore eggs available. The result has been more expenses for egg farmers, who have spent millions of dollars to modify their operations, and now consumers are seeing that reflected in higher egg prices. But here comes another "scare tactic." During the past several weeks, owners of outdoor poultry flocks in Washington and Oregon have lost all of their birds to highly pathogenic avian flu spread by wild birds. The chickens, ducks and turkeys became infected when the wild birds came into contact with them outside. That is one reason most commercial egg farms keep their flocks indoors. As it turns out, California voters wouldn't make good chicken farmers. That's because what sounds good in a political advertisement is often poor management in the real world. The theory most animal rights activists' use is that all animals should be able to run free. In practice, though, such requirements can expose poultry and livestock to illness, expose farmers to more expenses and expose consumers to higher prices. It also leaves a fragile business in a vicarious situation should a worst case scenario arrive, and it has!

The strict animal welfare law leaves the state's egg market as well as all the other states who benefitted from the large chicken farms in California, vulnerable to disruptions. Even more damaging is the fact that out-of-state suppliers must abide by the henhouse regulations, which narrows the list of those who can sell eggs within the state. Well now they have something else to worry about. That disruption is occurring and it is also affecting Nebraska in a big way! If you are not aware, we are in the middle of a huge disruption that not only is causing a shortage of eggs beyond Prop 2, but in the loss of our poultry shows at county and state fair. Consumers, not only in California and now Nebraska, but nationwide are beginning to see price increases because of the growing avian influenza epidemic, which has caused millions of chickens, turkeys and other birds to die or be euthanized. This disease is having a huge impact on Father's Day breakfast!

The USDA has reported three deadly flu strains in commercial and backyard poultry flocks totaling more than 43 million birds in 15 states since mid-December. In Iowa alone, the outbreak at commercial farms has led to the loss of nearly 30 million chickens, or nearly 10% of the nation's egg-laying hens. It goes beyond eggs on the breakfast platter. You may not know that many of the hens affected by the avian flu produce eggs that are then sold in liquid form to restaurants or manufacturers of products such as ice cream, bread and salad dressing. With liquid egg costs up about 200% in the last month, consumers could see price increases soon in food products with a clearly visible egg, such as frozen sausage and egg sandwiches. All I can say is a big "Ouch!" This is a devastation unlike any other in the history of our industry.

A consequence of the bird flu outbreak in the Midwest has resulted in cheaper chicken in the U.S., as many countries restrict imports of poultry products. Even though bird flu has not found its way onto farms that raise chickens for meat, lower exports mean plenty of chicken available in the U.S. That makes for good news for chicken eaters – cheap chicken! Now my question is – How is this going to affect beef or pork? We must remember - everything is connected! Breakfast??