

ORGANIZATION,
IMFACTS, AND
PROSPECTS FOR
ADVANCEMENT
AND **P**PROMOTION
OF **B**REEDING
AND **R**AISING OF
RACKING
HORSES
IN **A**LABAMA



AGRICULTURAL ECONOMICS SERIES No. 42
DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY
ALABAMA AGRICULTURAL EXPERIMENT STATION
AUBURN UNIVERSITY AUBURN, ALABAMA
LOWELL T. FROBISH, DIRECTOR
APRIL 1992

**ORGANIZATION, IMPACTS, AND
PROSPECTS FOR ADVANCEMENT
AND PROMOTION OF BREEDING
AND RAISING OF RACKING
HORSES IN ALABAMA***

APRIL 1992

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RACKING HORSE BREEDERS' ASSOCIATION OF AMERICA,
THE BIRMINGHAM RACING COMMISSION AND
THE ALABAMA HORSEMEN'S RACING ASSOCIATION

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ABSTRACT

Racking Horse breeding, training, showing, and related activities make significant contributions to Alabama's economy. This study provides an assessment of the socioeconomic impact of the Racking Horse industry in Alabama. Estimates and overview of the industry are based on telephone and personal interviews with QRacking Horse breeders, trainers, and owners. We consulted previous literature on equine impact studies and also obtained information from knowledgeable Racking Horse veterinarians, trainers, show participants, and others involved in the industry.

In 1989 the Racking Horse Breeders' Association of America (RHBAA) had approximately 12,000 Racking Horses registered in Alabama. Approximately 6,000 of these are used for showing and the remainder are used for breeding stock and recreation. On the average, Racking Horses used for showing require about \$11,705 annually per horse for care, maintenance, and other horse related expenses and other Racking Horses require about \$3,270 annually. Based on these figures, total expenditures by Racking Horse owners for care and maintenance had about \$89.9 million in direct impacts to the State's economy.

In 1989 Alabama hosted 35 RHBAA approved shows. Additionally, more than 90 local shows which included Racking Horse classes were identified statewide. Tourism associated with shows contributed an estimated \$12.3 million to the State's economy in 1989.

Based on the above estimates, the direct impact of the Racking Horse industry on Alabama's economy is approximately \$92.1 million. The total impact on the economy, given an income multiplier of 2.9, is over \$267 million.

EXECUTIVE SUMMARY

BACKGROUND

Economic activity generated by Racking Horse breeding, training, and shows is a significant component of Alabama's economy. Shows, breeding, training, sales, recreation, and similar activities are manifold sources of income, employment, and leisure consumption in the State.

Several spheres of activity can be identified within Alabama's Racking Horse industry. A number of farms breed, train, and stable Racking Horses. Show and pleasure horses are bred and maintained at stables located throughout the State. In 1989, 35 horse shows in Alabama were approved by the Racking Horse Breeders' Association of America (RHBA). Each had an average of 179 participating horses. Two of these shows, the Spring Celebration and the World Celebration which are held annually in Decatur, had a large number of entries. The Spring Celebration had 527 entries in 1989 while the World Celebration, which is held in the fall, had 1695 entries.

PURPOSE

The Racking Horse Breeders' Association of America requested an assessment of the socioeconomic impact of Alabama's Racking Horse industry. We were asked to examine: (1) the organization and structure of Alabama's Racking Horse industry; (2) the farm-level implications of Racking Horse breeding, ownership, and maintenance; (3) the tourism impacts of Alabama Racking Horse shows; and (4) the overall implications and prospects of the industry for Alabama agriculture and the State's economy.

METHODOLOGY

Our review consisted of telephone and personal interviews with over 30 persons involved in the Racking Horse industry. The interview group was composed of owners, breeders, trainers, veterinarians, and officials of Racking Horse related organizations.

To analyze the impacts of the Racking Horse industry on the State we first developed profiles of average annual expenditures for showing Racking Horses and Racking Horses kept for other purposes. These data were collected through interviews with

suppliers of various goods and services as well as horse owners, trainers, and breeders. The aggregate impact of the Racking Horse industry on the State's economy was estimated using income and employment multipliers derived from an input-output model of Alabama's livestock industry.

We conducted our review between November 1991 and January 1992 in accordance with generally accepted standards and procedures used in previous equine impact studies conducted in other states. All estimates provided in this report should be regarded as such since they reflect certain assumptions about levels of horse related expenditures that are not otherwise available.

PRINCIPAL FINDINGS

Of the 12,000 registered Racking Horses in Alabama in 1989, approximately 6,000 are showing Racking Horses and the remaining 6,000 are used for various other activities including recreation and breeding. RHBA records indicate that Racking Horses are concentrated in Cullman, Morgan, and Marshall counties.

Our estimates indicate that recreational Racking Horses require about \$3,270 annually per horse for care, maintenance, and other horse related expenditures. The owners of the estimated 6,000 Racking Horses that are not shown, therefore, contributed about \$19.6 million to Alabama's economy through horse related expenditures.

The average annual per-horse expense of keeping showing Racking Horses in training is approximately \$11,705. Thus, these horses generated over \$70 million in direct impacts to the State's economy.

Another component of the Racking Horse industry's economic impact is tourism resulting from travel to weekend horse shows. We assumed that, on average, each of the 6,000 showing Racking Horses in the State participated in 10 weekend, away-from-home events in Alabama during 1989 and their owners spent an average of \$1,675 on travel and other related expenses. This \$1,675 expenditure is composed of the costs of fuel, food, and lodging for the persons traveling with the horse, and stall fees and registration fees for the horse. Based on this estimate, weekend Racking Horse shows accounted for a tourism impact of about \$10 million in 1989.

Decatur also hosts two large shows each year. These shows are known as the Spring Celebration and the World Celebration. Our estimates indicate that these two large shows had a total tourism impact of approximately \$2.3 million in 1989.

Based on the above estimates, the direct impact of the Racking Horse industry on Alabama's economy in 1989 was more than \$92 million. The total impact on the economy, given an estimated income multiplier of 2.9, was over \$267 million.

OBSERVATIONS

1. Based on the study results, it seems that a statewide horse advisory group, including representatives of all statewide and regional horse associations, would be useful. Such a group would operate to provide greater unity and coherence to Racking Horse and other equine interests in Alabama. It would act as a mechanism for joint action to secure collective benefits for horse owners and activity participants.

2. One important outcome of the workings of the Horse Industry Advisory Group would be an enhanced partnership between horse owners and the Legislature which would significantly benefit the Racking Horse industry. For example, some salient issues for all horse owners in the state include the implementation of the Federal Horse Protection Act, liability for horse owners, and the clarification of Equine Infectious Anemia testing requirements for horse buyers, sellers, and exhibitors.

3. The Horse Industry Advisory Group could also develop and implement a common format among its component organizations for recording attendance and participation at Racking Horse and other equine events. These data would facilitate further studies of the impact that equine events have on Alabama's economy and agricultural sector.

4. Another task for the Horse Industry Advisory Group would be to develop a comprehensive set of regulations to ensure humane treatment of animals involved in Alabama horse events. These regulations would be designed to prevent future confrontations with animal rights groups and thereby preserve the integrity of Alabama's horse industry.

5. A fourth task for the Horse Industry Advisory Group would be to publish an annual report detailing the status of Alabama's horse industry. This report would include a census of Alabama's horse population, enumeration of horse related events and facilities, and an annual analysis of the condition of the horse industry in Alabama. These reports could be used to guide the development and beneficial impacts of the Racking Horse and other horse industries.

6. Many respondents mentioned a need for a high quality State show facility in Alabama. Present management arrangements at the Garrett Coliseum facility do not reflect well on State management. Leasing, contracting, privatisation, and other management arrangements should be explored to ensure that visiting Racking Horse owners encounter a well groomed facility that is painted, repaired, and safe for owners and their horses. Increased attention must be paid to stall conditions, manure removal, and overall security on the State grounds.

7. Although Racking Horses do not race, a multiple-use approach to the barns and other facilities at the Birmingham Race Course could benefit Racking Horses and other breeds. Additional types of horse activities could be considered for programming into the annual calendar of the Birmingham Race Course. Between racing seasons, the track could be made available for major horse shows, as stalling is often a problem for two day or longer shows. Such changes might increase the variety of activities available at the track, broaden the attendance base, and contribute additional use-days for the facility. Changes along these lines would greatly expand the impact of the track on agriculture and the State's economy.

8. A full-time horse extension specialist is needed to work with the Racking Horse and other breed industries and associations. Greater attention could then be paid to organizational issues within the horse industry and ways that the horse industry can be used to facilitate economic development in the State.

9. Focused collaboration by State and federal agencies and the agricultural universities could provide better statistical information about the number and kind of Racking Horses in the State, the incidence of disease and other conditions, as well as the variety of events and activities that might be more generally publicized as a means for enhancing tourism in Alabama.

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Chapter 1 Introduction

Background

History of the Breed. All modern breeds of saddle horses, including the Racking Horse, are descendants of Oriental horses such as the Arabians (from the Middle East), Barbs (from the Barbary states of North Africa), and Turks (from Turkey). These breeds are referred to as "hot bloods" to distinguish them from draft breeds, such as Percherons and Belgians, which are referred to as "cold bloods." The Oriental breeds are generally small horses averaging 13 to 16 hands high (one hand equals four inches) and weighing around 1000 pounds. Draft breeds, in contrast, are large animals which stand 16 to 20 hands high and usually weigh in excess of 1400 pounds.

Hot bloods were initially brought into Europe when the Moors invaded Spain in the eighth century. Returning Crusaders also brought Oriental horses into Europe during the eleventh through the fourteenth centuries. Hot bloods were subsequently brought to America by the early explorers and missionaries. Cortez is credited with bringing the first horses to the New World with his arrival at Veracruz, Mexico in 1519.

The Racking Horse breed is an offshoot of the Tennessee Walking Horse. The "rack" is similar to the running walk and, prior to 1971, horses that had a natural rack were considered to be Tennessee Walking Horses. In 1971, however, a group of Alabama horsemen formed the Racking Horse Breeders' Association of America to formulate show rules and to promote and regulate the showing of horses with a natural rack. Later that year the United States Department of Agriculture determined that the Racking Horse is an individual breed with a unique natural gait. As a result, the RHBAA was granted an official Registry and Stud Book.

Alabama's Racking Horse Industry. Racking Horse production, training, and events make major contributions to Alabama's economy. Showing, breeding, sales, recreation, and other activities are manifold sources of income, employment, and leisure consumption in the State. The various segments of the Racking Horse industry are associated with diverse clusters of associations, professions, and activities.

Little is known about the aggregate importance of the Racking Horse industry in the State and the nature of the barriers and constraints that presently affect its continued growth and expansion. Statistical information is not generally available and little research has been conducted.

Several different segments of Alabama's Racking Horse industry can be identified, however. Show and recreational horses are bred and maintained at stables located throughout the State. Decatur hosts two large shows, one in the spring and one in the fall, each year.

Demand for a number of agricultural commodities and horse related services is directly influenced by Racking Horse production and maintenance. Alabama farmers raise and sell oats, corn, clover, alfalfa, grass hay, and other feed crops. Straw and wood shavings used for bedding also are farm-based commodities used by horsemen. Racking Horse owners demand a significant amount of veterinary services and health care products to assure their animals' health and well-being. Horse shows and competitions create demand for clothing, tack, and other accouterments.

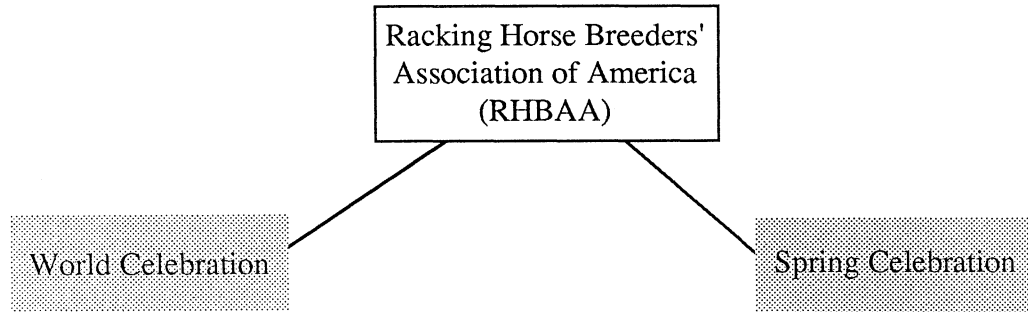
Racking Horse activities are spectator-orientated sports that, perhaps more than many other breeds, encourage crowd participation. The events generate tourism resulting in significant economic impacts in areas hosting the activities. Horse shows, many of which feature Racking divisions, are held nearly every weekend somewhere in the State.

The prospects for the Racking Horse industry in Alabama depend on several factors. Land costs and climate are favorable for animal production. Long growing seasons coupled with plenty of rainfall allow production of ample forage. The climate is also favorable to recreational riding and showing without the need for enclosed arenas or special equipment during most of the year. Alabama agricultural universities and veterinary schools provide educational services and institutional support for horse breeding and maintenance. Two privately owned state-of-the-art equine surgical facilities are located in the Birmingham area. Several covered show arenas are located across Alabama.

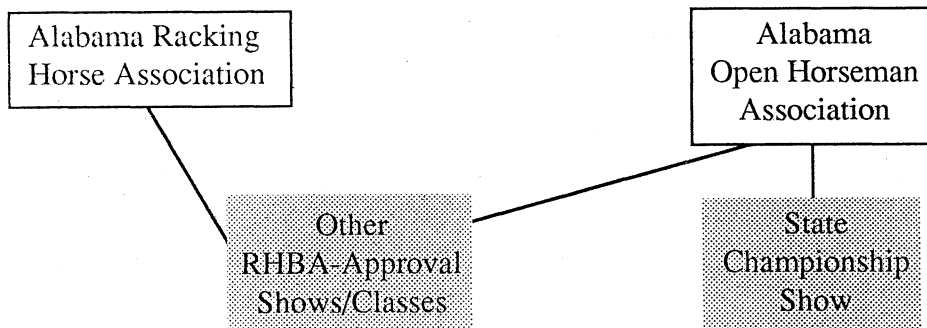
Industry Actors

The major components of Alabama's Racking Horse industry are identified in the following sections. Figure 1 is an illustration of the hierarchical relationships between several of the major national, state, substate, and county-level organizations and events that involve Racking Horses in Alabama. Table 1 lists the saddle clubs and regional horse associations in the State.

National



State



County

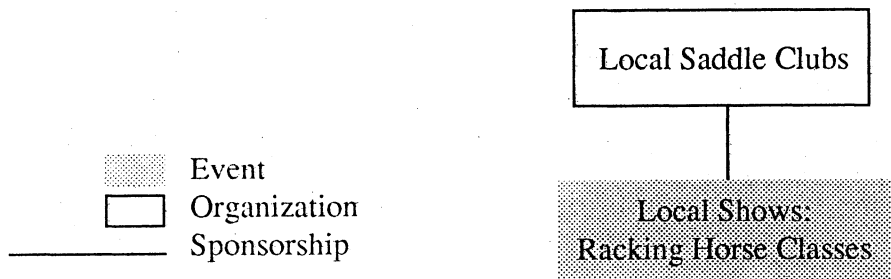


Figure 1. Relationships Between Major Racking Horse Organizations

Racking Horse Breeders' Association of America. The Racking Horse Breeders' Association of America (RHBA) is the official breed registry for the Racking Horse. The RHBA was incorporated and subsequently recognized by the United States Department of Agriculture in 1971. In 1989 RHBA membership totaled 600 with over 66,000 horses registered in the U.S. In addition to registration, the RHBA promotes and regulates Racking Horse breeding, showing, publicity, and sales.

Alabama Racking Horse Association. The Alabama Racking Horse Association (ARHA) was formed for the purpose of organizing and promoting the breed in the State. The ARHA has over 100 members and sponsors many shows each year.

Alabama Open Horseman Association. The Alabama Open Horseman Association (AOHA) is a nonprofit organization formed in 1988 for the purpose of identifying State champions for various horse show events. The AOHA is composed of 13 substate regional saddle club associations. These multi-county associations, which are listed in Table 1, are composed of local horseman's clubs.

The AOHA affiliate and other local horseman's clubs sponsor shows for substate regional association members. Members can accumulate points at local shows that allow them to compete at the State Championship Horse Show sponsored by the AOHA. The Alabama Legislature has passed a resolution stating that the results of the State Championship Horse Show determine State Champion horses.

Saddle Club Associations. Saddle club associations are an important component of Alabama's horse industry. Associations and their member saddle clubs sponsor many horse shows and other horse related events each year. Table 1 lists Alabama saddle club associations that are members of the AOHA, their membership, and the total number of shows sponsored by each association and its constituent saddle clubs.

Table 1 should not be viewed as a complete list of Alabama saddle clubs. There are a number of horseman's organizations scattered throughout Alabama that are not members of AOHA.

Table 1. AOHA Saddle Club Associations, Number of Shows, and Estimated Membership, 1989

Association	Clubs	Shows	Membership
North Alabama Saddle Club	13	39	1,200
Tennessee Valley Association	4	16	300
Tri-State Association	8	16	450
East Alabama Horse Association	7	22	650
North West Alabama Saddle Club	25	30	500
Gulf Central Association	1	9	115
Central Alabama Saddle Club	6	22	235
West Alabama Horseman's Association	8	20	130
South Central Horseman Association	8	11	250
State Line Horse Association	4	12	315
North Central Horse Association	7	28	1,500
Shoals Area Horseman's Association	8	10	175

Objectives, Scope, and Methodology

The RHBAA requested an assessment of the socioeconomic impact of the Racking Horse industry in Alabama. We were asked to examine: (1) the organization and structure of the Racking Horse industry in Alabama; (2) the farm-level implications of Racking Horse breeding, ownership, and maintenance; (3) the impacts of Racking Horses on Alabama's economy; and (4) the overall implications and prospects of the industry for Alabama agriculture and the State's economy.

This review consisted of telephone and personal interviews with over 30 individuals involved in the Racking Horse industry. We also attended Racking Horse events and interviewed trainers and participants throughout the State.

To analyze the impacts of the Racking Horse industry on the State, we first developed profiles of average annual expenditures for show horses and Racking Horses kept for other purposes. Interviews with suppliers of various goods and services, as well as horse owners and breeders, were used to develop these estimates.

We identified a series of events and activities that involve Racking Horses in Alabama and estimated the extent of tourism and spectator activity associated with these events. We also contacted national and state horse related organizations as well as knowledgeable individuals involved in showing.

To estimate the aggregate impact of the Racking Horse industry in the State, we used income and employment multipliers derived from an input-output model of Alabama's economy developed by Trenchi and Flick (9). This multiplier reflects the total effect on aggregate household income and aggregate employment resulting from expenditures associated with Racking Horse activity.

We conducted our study between September 1991 and January 1992 in accordance with generally accepted standards and procedures used in previous impact studies conducted in other states. All estimates provided in this report should be regarded as such since they reflect certain assumptions about levels of horse related expenditures that are not otherwise available.

Chapter 2 Number, Location, and Applications of Racking Horses

Racking Horse Numbers

As shown in Table 2, RHBAA records for 1989 indicate a total of 12,000 Racking Horses registered in Alabama. The majority of Racking Horses are utilized for show and recreational purposes. Additional animals are utilized as breeding stock to produce horses for these activities.

RHBAA records also indicate that there were approximately 6,000 showing Racking Horses in Alabama in 1989. Table 3 details the estimated number and kind of Racking Horses in the State. Racking Horses often serve more than one purpose so the descriptive categories tend to overlap. Many horses used primarily for recreation, for example, also may be utilized as breeding stock.

Most Alabama Racking Horses are used for recreation and showing (Table 3). Because of their calm disposition and smooth gait, Racking Horses are considered good mounts for recreational purposes such as trail riding and following dogs in field trials.

Commercial horse stables and training facilities are found in nearly every Alabama county. Stables provide housing, exercise, and care facilities for the many Racking Horses whose owners do not have land or buildings for horses. Commercial stables employ approximately one person for every 10 to 15 horses. Some farms specialize in Racking Horse breeding.

Alabama training facilities attract a significant number of showing Racking Horses from outside the State. This is due to the fact that the Racking Horse industry started in Alabama. Alabama trainers have developed a reputation for producing winning horses.

Estimates indicate that approximately 75 percent of Racking Horses being trained by professional trainers in Alabama are from other states. This represents a significant flow of money to Alabama from outside the State. This influx results in increased employment and economic activity.

Table 2. Estimated Number of Horses by Breed, Alabama, 1989

Breed	Number
Quarter Horse	34,543
Tennessee Walker	15,617
Racking Horses	12,000
Appaloosa	9,289
Thoroughbred	3,300 ¹
Arabian	2,271
Half-Arabian	1,097
Paint	1,014
Saddlebred	732
Pony of the Americas	572
Morgan	303
Paso Fino	220
Pinto	108
Other Breeds	2,644

Sources: National Equine Marketing Association, RHBAA

¹Adjusted to include an estimated number of unregistered animals.

Racking Horse Applications

Shows. Horse shows are events in which a horse's performance in various activities is compared to the performances of other horses of similar breeding and training. Shows provide an opportunity for horse owners, trainers, breeders, and riders to exhibit their animals. Shows stimulate improvements in breeding stock and training procedures since winning horses and trainers command higher sale prices and fees. Additionally, shows provide spectator entertainment.

Racking Horse showing is the major driving force behind Alabama's Racking Horse industry. In 1989 there were 35 Racking Horse shows in Alabama that were approved by the RHBAA. This makes Alabama number one in the nation in total number of RHBAA approved Racking Horse shows.

Racking Horses also compete in numerous local shows and competitions open to all breeds of horses at various arenas throughout the State. The larger show arenas are located in Arab, Decatur, Muscle Shoals, Dothan, Montgomery, and Cullman. Numerous smaller show facilities are located throughout the State.

Table 3. Estimated Number and Type of Racking Horses,
Alabama, 1989

Type	Number
Show horses	6,000
Recreation, breeding, & other	6,000
Total Racking Horses	12,000

Source: RHBAA.



RACKING HORSE BREEDERS' ASSOCIATION OF AMERICA

MAILING ADDRESS: ROUTE 2, BOX 72A, DECATUR, ALABAMA 35603

AMERICA'S NATURAL HORSE

What's the fastest growing breed of light horse in the country? What's the most versatile breed of horse anywhere from the show ring to the work field? Ask anyone, they'll know! And they should, it's America's Natural Horse, the Racking Horse.

Legendary for its beauty, stamina, and calm disposition, the popularity of this noble animal grew strong on the great southern plantations before the Civil War. It was learned that the horse could be ridden comfortably for hours because of his smooth, natural gait.

The "Rack" is very similar to the Tennessee Walk, and is often referred to as a "single-foot" because only one hoof strikes the ground at a time. The Racking Horse comes by this gait as naturally as walking or striking a trot comes to other breeds.

The phenomenal growth of this breed can be directly attributed to its intelligence and versatility. Beginning riders cherish the smooth, easy gait and the calm temperament of the Racking Horse. Veteran horsemen admire his beauty and ability to perform anywhere from the work field to the show ring. As a matter of fact, Racking Horses may be found in movies such as *Rustler's Rhapsody*, being used by handicapped children at Camp Outreach, carrying law enforcement officers in almost every major city and escorting hunting expeditions in the Northern Rockies.

In early 1971, a group of knowledgeable Alabama horsemen, already involved in breeding and raising Racking Horses, formed the Racking Horse Breeders' Association of America. In May of that year, the United States Department of Agriculture deemed the Racking Horse to be an individual breed possessing a unique natural gait, and granted a Registry and Stud Book to the R.H.B.A.A.

Experienced horse people were selected and licensed in Alabama and neighboring states as Commissioners, empowered by the R.H.B.A.A. to examine and qualify horses for registration. Commissioners are currently registering Racking Horses in all parts of the United States and in several foreign countries.

On October 5, 1975, a joint proclamation of the House and Senate of the Alabama State Legislature named the Racking Horse "The Official State Horse of Alabama."

Equine investors have become keenly aware of this breed's rise, citing their prices to be much more stable and less risky than those found in other breeds. Former World Grand Champion Racking Horses were originally purchased for four figure amounts and are now easily valued in the six figure range. All indications point to a continued, non-stop steady rise in value.

Most of the modern day Racking Horse's publicity comes from his exciting show ring ability. He is exhibited with a high head carriage, nose tucked, and he gracefully steps high with his front feet while tucking his hind quarters for an "elevated" appearance. Various publications have called him "The most exciting horse in the show ring today!" The Racking Horse is shown in his natural state, with no "set tails" or "action devices" allowed. Many Racking Horse shows occur on any given weekend across the nation. They range from small "Saddle club" events to major regional "Jubilees" and "Classics" and even "State Championships." The two biggest shows are hosted annually in Decatur, Alabama, by the R.H.B.A.A.

The Racking Horse Spring Celebration is a multi-day event held each April and in size and excitement stands second only to the Racking Horse World Celebration, which is held each September. At the World Celebration, different classes and divisions of Racking Horses vie for cash, trophies, and awards amounting to many thousands of dollars. Each night of the World Celebration witnesses the naming of many World Champions and reaches a climax with the crowning of the World Grand Champion of the breed.

To become a member of the Racking Horse Breeders' Association of America is to become a part of history. Who qualifies for membership? Virtually anyone with an interest in the Racking Horse Breed.

For more information please contact:

RACKING HORSE BREEDERS' ASSOCIATION OF AMERICA

Rt. 2, Box 72-A

Decatur, Alabama 35603

205-353-7225

Figure 2. Example Racking Horse Show Program

RHBAA approved shows are Racking Horse events in which the show management has applied for and received approval from the RHBAA to hold the show. RHBAA approved shows generally have more entries, a higher caliber of horses and riders, higher entry fees, and higher operating costs than local shows or shows that are open to any breed.

RHBAA approved shows are usually two or three day competitions involving approximately 100 horses per show. Some of these shows are classified as "futures" which involve more young horses and higher prize monies than regular shows. Futurity shows may have up to 500 entries competing each day. Not all show entries and owners are from Alabama, and, as a result, these shows generate a substantial amount of out-of-state tourism income to the communities hosting the events.

RHBAA regulations require that the management of a sanctioned show to obtain the services of an approved judge. There are several prerequisites a person must fulfill before receiving a license to judge RHBAA approved shows. A candidate for approval as a RHBAA judge must be at least 18 years old and must have been a member of the RHBAA for at least one year. The candidate must then serve as an apprentice under three licensed judges in three sanctioned shows. At the end of each show the licensed judges must inform the RHBAA of his or her recommendation regarding the apprentice judge. A license is then issued to the candidate if he or she successfully completes the apprentice program. A judge's license must be renewed annually.

Racking Horse shows usually offer multiple categories of competition. These categories include: trail pleasure, park pleasure, show pleasure, style pleasure, flat shod, and open show. The pleasure divisions are open to amateurs and juveniles only. RHBAA members under 18 years of age can compete in juvenile classes. Adult RHBAA members who do not receive any compensation for working with horses or riders are considered amateurs. RHBAA shows may offer some or all of these categories to competitors. Figure 2 is an example of a Racking Horse show program.

Racking Horses are shown with two different styles of shoes. Flat shod classes, which include trail pleasure and park pleasure, require that the shoe be attached directly to the horse's hoof. Open shod classes, which include the remainder of the show classes, allow the horse to be either flat shod or shod with pads between the shoe and the hoof. RHBAA regulations stipulate that the height of the pad may be no more than 50 percent of the natural hoof length.

Trail Riding. Trail riding and similar group sports involve Racking Horses as well as other breeds. The Racking Horse's calm disposition and fast comfortable gaits make them a favorite mount of weekend trail riders. Racking horses are also popular mounts for following dogs during field trials. Inexperienced riders can quickly learn to ride the smooth stride of the Racking horse during the course of the field trials. Judges and dog handlers, who must stay mounted for long periods also value the Racking Horse's calm temperament, easy walk, and ground-covering stride.

Chapter 3 Economic Impact of the Racking Horse Industry

This study estimates several components of economic impact for the Racking Horse industry in the State. First, we consider the expenses associated with care and maintenance of Racking Horses used for showing and recreation. Certain expenses associated with equipment and transportation appropriate to each application also are included.

Second, we discuss the impact of showing Racking Horses in terms of breeding, maintenance, transportation, and training, as well as the tourism impacts associated with visiting Racking Horses, owners, and traveling spectators.

The third component describes employment impacts including the estimated employment multiplier. The final section summarizes the economic impacts of Alabama's Racking Horse industry.

Meaning of the Estimates

The data in Table 4 identify estimated average annual per-horse expenses associated with Racking Horse ownership in 1989. These data do not include horse purchases or sales. These figures were developed through interviews with suppliers and purchasers of the various items. Subsequent estimates were reviewed by knowledgeable individuals familiar with Racking Horse ownership and maintenance.

Although actual expenditures vary widely from one owner to another, the expenditure estimates for each item in Table 4 are assumed to resemble a normal distribution around a central tendency or average. For many items, however, the actual pattern of outlays is highly skewed, i.e., a small number of owners of prize animals spend much greater amounts than the ordinary Racking Horse owner. In this case, the modal (most frequent) expenditure may be quite different from the median (middle) or the average (arithmetic mean) level of expense. Given that the objective of the study is to estimate aggregate impacts, the latter estimate--the mean--is utilized in the tables. For the aforementioned reasons, some outlay estimates may seem high from the perspective of the ordinary Racking Horse owner.

Table 4. Estimated Per Horse Care and Maintenance Expenditures and Total Outlays for Showing and Recreational Uses of Racking Horses, Alabama, 1989

Category	Average Annual Expenditure	Average Annual Expenditure
	Showing	Recreational
	(\$)	(\$)
Veterinary fees	250	150
Feed & bedding	750	550
Insurance premiums	700	100
Farrier	400	200
Grooming & supplies	200	100
Travel & lodging	1,500	150
Advertisement	1,300	0
Utilities	150	15
Property taxes	250	50
Depreciation	1,500	680
Maintenance & repairs	500	300
Boarding of equine	480	260
Breeding fees	0	50
Rental of property & equipment	50	25
Tack	1,000	120
Professional fees	200	30
Registration & entry fees	175	80
Training fees	1,500	50
Employed labor	700	300
Miscellaneous	100	60
Per horse expenses	11,705	3,270
Total outlays (millions)	70.2	19.6
Total care and maintenance outlay (millions)		89.8

It should also be noted that not all Racking Horse owners incur every expense listed. For example, a person who owns a horse but keeps it at a boarding facility would incur boarding expenses but would have no horse related property taxes. In other words, Table 4 should not be viewed as an operating budget for Racking Horse ownership but as an estimate of mean per-horse expenditures.

Horse Care and Maintenance Expenses

Horse care and maintenance are central mechanisms by which the economic impacts of horse ownership are transmitted throughout the State. Owners purchase feed, materials, and services for horses on a regular basis. Their purchases represent demand for farm products, horse related supplies, and the assistance of a variety of technicians and professionals.

Since Racking Horse ownership is widespread throughout the State, the economic impacts are also diffuse. Where horse ownership and activity are concentrated, the economic impacts represent a more salient part of the local economic structure. The significance of the secondary impacts of Racking Horse activity also increases in these locales. Major Racking Horse facilities that have frequent shows attracting out-of-state participants represent the most concentrated form of impact.

Racking Horses regularly used for showing are generally high-value animals and, as such, afford much greater levels of expenditures for health, nutrition, and other care. Such horses are usually better housed and more frequently transported than Racking Horses used for breeding or recreation. These higher expenditure levels are reflected in Table 4.

The first expenditure category, veterinary fees, includes routine veterinary services such as vaccinations, deworming, and equine dental care. It does not, however, include the cost of surgery or other major medical expenses not incurred on a regular basis. Feed and bedding expenses include the cost of hay, grain, feed additives, vitamin and mineral supplements, pasture maintenance, and straw and shavings used for bedding.

Insurance costs include premiums for horse liability, mortality, loss of use, surgery, and vehicle insurance. The farrier category includes the cost of shoeing and hoof trimming.

Grooming and supplies reflect expenditures for items such as brushes, currycombs, and coat conditioners. Travel and lodging are the expenses of traveling to and from weekend horse shows held in Alabama, horse sales, and other horse activities. These expenses are the cost of meals, fuel, and overnight lodging. This expenditure category only includes weekend horse shows. Economic impacts associated with the Spring Celebration and the World Celebration held in Decatur each year are treated separately in a later section.

Advertisement reflects outlays for advertising Racking Horse stallions, breeding farms, and training facilities. Utility expenditures include the cost of electricity, water, heating of buildings, and horse related telephone bills. Property taxes are the local and/or state tax liabilities for land and buildings used in horse breeding, ownership, and other horse activities such as trail riding.

The next expenditure category, depreciation, is composed of the annualized capital expenses associated with horse related buildings, machinery, and vehicles. These estimates were derived assuming a useful life of 30 years for buildings and 10 years for machinery and vehicles. Maintenance and repairs represent the sum of expenses incurred in the upkeep of buildings, facilities, and vehicles.

The boarding of equine category includes payments to boarding farms. Breeding fees, which are typically paid by the mare's owner, are the cost of having a mare bred to a selected stallion. Breeding fees for showing horses are zero since mares that are actively engaged in this activity are usually not bred. Rental of property and equipment is an estimate of the cost of renting pastures, facilities, machinery, and vehicles.

Tack expenditures include the cost and maintenance of saddles, bridles, and related accouterments. This category also includes horsemen's wearing apparel.

The next expenditure category, professional fees, is composed of dues for membership in professional organizations and subscriptions to horse related publications. Registration fees are charges to enroll or transfer ownership of horses in RHBAA; entry fees reflect the cost of participating in shows. Training fees are charges for horse training, in the case of showing Racking Horses, and training for both the horse and rider in the case of recreational Racking Horses.

The cost of employed labor includes wages paid to both full and part-time employees involved in horse related work. These employees include stallion managers, grooms, exercise riders, clerical workers, and those who clean stalls and provide routine horse care. The miscellaneous category is composed of expenditures for horse transport services, dead stock services, and manure removal.

Aggregate Outlays

Table 4 shows also shows the sum total of expenses incurred for the use of Racking Horse for competition and recreation.

Showing Racking Horses. Racking Horse showing is a very important component of the horse industry and has a significant impact on Alabama's economy. For the purpose of this study, a showing Racking Horse was defined as one that competes in 10 or more shows per year, with the majority of these shows receiving RHBAA recognition. The estimated average annual cost of keeping a showing Racking Horse is \$11,705. Thus, the estimated 6,000 Racking Horses that were actively shown in 1989 generated over \$70 million in direct impacts to the State's economy.

Recreational Racking Horses. Racking Horses used for purposes other than showing require about \$3,270 annually per horse for care and maintenance (Table 4). The expenditure levels for these animals reflect the lower intensity of care and maintenance associated with horses that are not actively showing. Thus, owners of the estimated 6,000 recreational Racking Horses incurred about \$19 million in expenses in 1989.

Spectator and Participant Expenses

Table 5 summarizes the aggregate expenditures associated with two major Racking Horse events. The shows themselves as well as the tourism they generate have sizable effects.

Shows. Another component of the Racking Horse industry's economic impact is tourism resulting from travel to horse shows. Racking Horse shows produce significant benefits to the localities hosting these events. Traveling horses require additional housing expenses, as do their accompanying owners. Some spectators travel long distances to view the activities.

We estimated that, on average, owners of each of the 6,000 actively showing Racking Horses in the State spent \$1,675 on

travel and related expenses during weekend horse shows in the State. This \$1,675 expenditure is composed of the costs of fuel, food, and lodging for the persons traveling with the horse, and stall fees and registration fees for the horse. Based on this estimate, weekend Racking Horse showing accounted for a tourism impact of about \$10 million in 1989. Entry fees and other highly variable expenses associated with participation are included in the overall costs. This \$10 million impact is for weekend shows only and is not part of the impact derived from the Spring and World Celebrations held in Decatur each year.

Table 5. Spectator and Participant Expenditures at the Spring and World Celebrations, Decatur, Alabama, 1989.

Expenditures	World Celebration	Spring Celebration
Parking fees	10,100	2,520
Concessions ¹	243,000	84,375
Admissions ²	324,000	90,000
Printed programs	7,500	3,000
Entry fees	162,405	51,125
Stall fees	63,000	28,000
Recreational vehicle parking	12,525	6,520
Per show total	814,950	273,120
Combined total	1,088,070	

Source: RHBAA

¹Based on an estimated average \$3.75 expenditure per person per show.

²Based on an average \$5 admission fee per person per show.

The Decatur area in particular benefits from economic activity generated by the two large Racking Horse shows held there each year since 1971. The Spring Celebration is held each May. The winners of each division in the Spring Celebration are the State Champions for that year. The World Celebration is held in September, and its winners are awarded the title of World Grand Champion. The World Celebration attracts spectators and participants from states as distant as Michigan and Arkansas.

RHBAA admission records indicate that the combined total spectator attendance for the two shows in 1989 was 87,300. Our estimates indicate that on-site expenditures incurred during the two large shows, as shown in Table 5, totaled \$1,088,070 in 1989.

In addition to the on-site expenditures listed in Table 5, the Spring and World Celebrations generate a substantial amount of tourism income to the Decatur area. This economic activity results from spectators and participants who come to Decatur from out of town or out of state and rent motel rooms and purchase meals and other goods during the shows. Estimates of these expenditures are summarized in Table 6.

Table 6. Estimated Tourist Expenditures Resulting From the Spring and World Racking Horse Celebrations, Decatur, Alabama, 1989.

Expenditures	World Celebration	Spring Celebration
	(\$)	(\$)
Motel Rooms	159,084	70,704
Meals	331,425	147,300
Retail Purchases	206,850	88,650
Fuel	133,245	57,105
Total	830,604	363,759
Total Expenditures	1,194,363	

Sources: Decatur Conventions and Visitors Bureau, RHBAA records.

Totals from the two previous tables indicate that in 1989 the Spring and World Celebrations had an approximate direct impact of \$2.3 million on the Decatur area. Given an income multiplier of 2.9, which is discussed in a later section, the total impact for 1989 is approximately \$6.6 million.

Breeding Expenses.

Stallion fees and other expenditures associated with horse reproduction are included here. Racking Horses can generate substantial returns for their owners through fees associated with the services of superior stallions and mares. Larger stables often have specialized employees who coordinate breeding activities.

The Racking Horse breeding industry is a central source of impacts on agriculture and land use in the State. Undertaking Racking Horse breeding as a farm enterprise implies a longer investment horizon and commitment to the activity than simple horse ownership. Breeders often invest in farmland, equipment, and facilities in a manner that would not be economically justified by food animal or crop production.

The presence of many high-value animals in a county supports the development and elaboration of a network of horse care and maintenance services. The resulting array of occupational niches provides full and part-time employment to a large number of people.

Table 4 shows the estimated per-horse expenditures for breeding fees. Breeding stock is listed under the recreational classification of Racking Horses since mares that are actively showing are usually not bred. Based on this estimate, breeding fees accounted for \$300,000 in economic activity in 1989.

Employment Impacts

Paid employment associated with Racking Horse breeding, raising, and care is related to the intensity of their use. Showing animals require approximately one employee for 20 horses. Animals maintained for recreational and breeding use employ, on average, approximately one individual for every 100 horses. Thus, Racking Horse care and maintenance is responsible for direct employment of approximately 360 people in the State.

Total paid employment associated with Racking Horses includes show staff, trainers, other care and maintenance employees, and a variety of self-employed individuals that provide services to horses. Some jobs also are created during large events such as the World Show and Celebration. The overall number ranged between an estimated 800 and 1,200 full-time equivalent jobs in 1989.

Employment in the horse industry can be shown to generate additional employment in other industries. This concept is described by an employment multiplier. Trenchi and Flick (9) estimate the employment multiplier for Alabama's livestock industry to be 1.74. This means that for every job created in the livestock sector, there are a total of 1.74 jobs created throughout the economy. Based on the above estimates and given an employment multiplier of 1.74, the Racking Horse industry induces total employment of between 1,300 and 2,000.

Summary of Economic Impacts

Based on the above estimates, which are summarized in Table 7, the direct impact of the Racking Horse industry on Alabama's economy in 1989 was more than \$92 million. This reflects the immediate injection of money into the economy through the purchase of goods and services by horsemen, spectators, and visitors to the State.

These income flows also can be shown to generate additional economic activity described by the concept of the income multiplier effect. The estimated income multiplier for Alabama's livestock industry is 2.9 (9). This means that every \$1.00 transaction in the Racking Horse industry results in \$2.90 of total economic activity. The procedure for calculating this multiplier is shown in Appendix I. The total impact on the economy, given an estimated income multiplier of 2.9, is approximately \$267 million.

Table 7. Summary of Economic Impacts of Racking Horse Activity, Alabama, 1989

Category	Amount (million \$)
Show horse care and maintenance	70.2
World and Spring Celebration impacts	2.3
Recreational horse care and maintenance	19.6
Direct impacts	92.1
Multiplier effects (2.9)	267.1

One Texas study (5) utilized a factor of 2.0 to express the additional indirect impact on the State's economy generated by primary activity in horses. A Florida study (8) used what they called a conservative coefficient of 2.3. Other studies have employed multipliers as high as 3.1. Thus, the multiplier effect estimated here is consistent with coefficients utilized by similar analyses.

Considering the available data and statistics, these estimates do not seem to overestimate the economic impact of the Racking Horse industry on Alabama's economy. On the contrary, these estimates are probably quite conservative due to the exercise of extraordinary caution and the fact that certain exceptional expenses, such as equine surgery, are not included.

Chapter 4 Policy Implications

The direct effects of Racking Horses on Alabama's economy exceeded \$92 million in 1989. These impacts are substantial. There are also other qualitative factors, with related economic implications, linked to the future of Racking Horses and Racking Horse showing in the State.

Horses and showing make a significant contribution to the quality of life by adding to the diversity of recreational activities available throughout the State. Horse shows are a source of excitement and diversion that augments the attractiveness of the State as a place to live and work. Horse farms use Alabama land for pastures, barns, and facilities that tend to improve the scenic, pastoral, and experiential effects the State has on residents and visitors. The land-use impacts of a large and viable Racking Horse industry are substantial.

This study also shows the significant linkages Racking Horses have to the agricultural sector and the larger economy. A significant proportion of the State's households have some personal or familial connection to the Racking Horse industry. More people are involved with Racking Horses than is commonly recognized by the institutions that serve agriculture and the recreating public.

Implications for Alabama Agriculture

According to a national study done by the accounting firm of Peat, Marwick, and Mitchell (4) for the American Horse Council, about 16 percent of agricultural and agribusiness gross economic product is due to the horse industry. This translates into jobs and demand for a variety of items from agribusiness suppliers.

The Alabama agricultural sector currently generates about 20 percent of the State's total gross product, about 15 percent of which is horse related. About 10 percent of the latter category can be attributed to the Racking Horse industry. It can be argued that about one quarter of one percent of the Gross State Product can be attributed to Racking Horses. Spending by Racking Horse owners, breeders, and trainers clearly helps to bolster the State's economy.

As most training and breeding facilities are located in rural areas, many direct economic impacts and attendant multiplier effects flow to communities needing economic

stabilization. The most concentrated set of impacts, however, are in North Alabama since that is where the major show facilities, the two largest Racking Horse shows, and the greatest concentrations of Racking Horses are.

We conclude that the Racking Horse industry has a measurably significant role in the State's economy. The loss or diminution of the Racking Horse industry would represent significant opportunity costs in terms of lost employment, income, and tax revenue that would otherwise have been generated by breeding, showing, and horse ownership in general. These ill effects would be most apparent in rural areas where Racking Horse breeding, training, and showing are an important component of the local economy. The Decatur area could suffer the greatest economic setback, a loss of economic activity totaling approximately \$6.6 million annually, if the Racking Horse Celebrations were either terminated or moved to another State.

Observations

1. Based on the study results, it seems that a statewide horse advisory group, including representatives of all statewide and regional horse associations, would be useful. Such a group would operate to provide greater unity and coherence to Racking Horse and other equine interests in Alabama. It would act as a mechanism for joint action to secure collective benefits for horse owners and activity participants.
2. One important outcome of the workings of the Horse Industry Advisory Group would be an enhanced partnership between horse owners and the Legislature which would significantly benefit the Racking Horse industry. For example, some salient issues for all horse owners in the state include the implementation of the Federal Horse Protection Act, liability for horse owners, and the clarification of Equine Infectious Anemia testing requirements for horse buyers, sellers, and exhibitors.
3. The Horse Industry Advisory Group could also develop and implement a common format among its component organizations for recording attendance and participation at Racking Horse and other equine events. These data would facilitate further studies of the impact that equine events have on Alabama's economy and agricultural sector.
4. Another task for the Horse Industry Advisory Group would be to develop a comprehensive set of regulations to ensure humane treatment of animals involved in Alabama horse events. These

regulations would be designed to prevent future confrontations with animal rights groups and thereby preserve the integrity of Alabama's horse industry.

5. A fourth task for the Horse Industry Advisory Group would be to publish an annual report detailing the status of Alabama's horse industry. This report would include a census of Alabama's horse population, enumeration of horse related events and facilities, and an annual analysis of the condition of the horse industry in Alabama. These reports could be used to guide the development and beneficial impacts of the Racking Horse and other horse industries.

6. Many respondents mentioned a need for a high quality State show facility in Alabama. Present management arrangements at the Garrett Coliseum facility do not reflect well on State management. Leasing, contracting, privatisation, and other management arrangements should be explored to ensure that visiting Racking Horse owners encounter a well groomed facility that is painted, repaired, and safe for owners and their horses. Increased attention must be paid to stall conditions, manure removal, and overall security on the State grounds.

7. Although Racking Horses do not race, a multiple-use approach to the barns and other facilities at the Birmingham Race Course could benefit Racking Horses and other breeds. Additional types of horse activities could be considered for programming into the annual calendar of the Birmingham Race Course. Between racing seasons, the track could be made available for major horse shows, as stalling is often a problem for two day or longer shows. Such changes might increase the variety of activities available at the track, broaden the attendance base, and contribute additional use-days for the facility. Changes along these lines would greatly expand the impact of the track on agriculture and the State's economy.

8. A full-time horse extension specialist is needed to work with the Racking Horse and other breed industries and associations. Greater attention could then be paid to organizational issues within the horse industry and ways that the horse industry can be used to facilitate economic development in the State.

9. Focused collaboration by State and federal agencies and the agricultural universities could provide better statistical information about the number and kind of Racking Horses in the State, the incidence of disease and other conditions, as well as the variety of events and activities that might be more generally publicized as a means for enhancing tourism in Alabama.

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APPENDIX I:

Calculation of Multipliers

Two multipliers, an income multiplier and an employment multiplier, were used in this study. An income multiplier is a number by which an initial transaction is multiplied to estimate the total amount of business generated as a result of the transaction (5). For the Racking Horse industry, this would include the value of the initial transaction, business generated by suppliers of goods and services to the Racking Horse industry, purchase of consumer products by participants in the Racking Horse industry, and business generated by suppliers of consumer products.

An employment multiplier shows the change in household employment throughout the economy that results from an employment change in any one industry (9). In other words, the addition of an employee in one industry will create demand for new employees throughout the economy due to the resultant change in final demand.

There are two types of multipliers. Type I multipliers are calculated based on the assumption that households are not affected by transactions in other sectors of the economy. Type II multipliers, on the other hand, treat households as a part of the industrial system (2). In a type II model, therefore, household incomes and employment increase as production in other sectors of the economy increases. The type II multipliers were used for the purposes of this study due to the unrealistic assumption underlying the type I multipliers.

The type II multipliers used in this study were estimated using an input-output model of Alabama's economy developed by Trenchi and Flick (9). This model is composed of matrices showing the economic effects of transactions and employment between all major sectors of the economy. The segments of the model that are relevant to the income multiplier used in this study are shown in Table 8.

The direct effects column in Table 8 shows the proportion of the livestock industry's total purchases that were obtained from the industry in the corresponding row. For example, the livestock industry purchased approximately 8 percent of its total purchases from other agricultural industries. The direct, indirect, and induced effects column shows the total changes in income in a particular sector resulting from a one dollar change in income in the livestock sector.

Type II income multipliers are calculated by dividing the household row entry in the direct, indirect, and induced effects column by the household row entry in the direct effects column (2). In this case:

$$0.67865/0.23127 = 2.9344$$

The relevant income multiplier for this study, therefore, is 2.9.

Calculation of the employment multiplier is a bit more complicated than the income multiplier and is beyond the scope of this study. Trenchi and Flick (9), however, estimate the type II employment multiplier for Alabama's livestock sector to be 1.74.

Table 8. Livestock Column Vectors from the Trenchi and Flick Input-Output Model.

<u>Sector</u>	<u>Direct Effects</u>	<u>Direct, Indirect, and Induced Effects</u>
	<u>Livestock</u>	<u>Livestock</u>
Livestock	0.14836	1.18830
Other agriculture	0.08334	0.10501
Mining	0.00011	0.00925
Construction	0.00636	0.02730
Food & Kindred	0.00173	0.03171
Textiles	0.00022	0.00124
Apparel	0.0	0.00283
Logging	0.00065	0.00200
Sawmills	0.0	0.00125
Millwork & plywood	0.0	0.00083
Other wood products	0.00011	0.00284
Furniture	0.0	0.00082
Paper	0.00032	0.00399
Chemical	0.00970	0.05012
Rubber & plastics	0.00065	0.00366
Primary metals	0.0	0.00324
Fabricated metals	0.00216	0.00849
Machinery	0.00032	0.00792
Transportation		
Equipment	0.00011	0.00490
Manufacturing	0.00194	0.02267
Wholesale & retail	0.03170	0.18569
Services	0.02480	0.15322
Financial	0.01822	0.17963
Transportation	0.01919	0.06140
Communications & Utilities	0.00464	0.06629
Households	0.23127	0.67865

Source: Trenchi and Flick.

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Information contained herein is available to all
without regard to race, color, sex, or national origin.