Mission

The Food Marketing Policy Center conducts research on food and agricultural marketing and related policy questions. It facilitates research within the land grant university system by organizing meetings and conferences, by maintaining large scale data bases and by distributing publications. The general intent is to provide information that can contribute to improved performance of the food production and marketing system. Key users include farmer and consumer organizations, agribusiness firms, public agencies, state legislatures, and the U.S. Congress.

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Newsletter Guest Editorial:
Got Milk? Yes, but That’s Not the Issue


Like Connecticut’s struggling dairy industry, David Jacquier’s farm, a bucolic spread dotted with hundreds of cows, is shrinking. “I’m starting to sell real estate,” said Mr. Jacquier, who has been forced to sell off parcels of his Elm Knoll Farm in East Canaan to keep the cash-strapped operation afloat. “That’s the worst thing you can do in this business.”

Mr. Jacquier said he didn’t have a choice, and many of Connecticut’s dairy farmers are facing the same predicament. The prices dairy farmers are getting for milk are at their lowest point in 25 years and production costs are skyrocketing. “We started the year with 200 farms, and already we’ve lost five,” said Gabe Moquin, who heads the dairy division at the state’s agriculture department. “They just can’t make a profit.”

Connecticut’s dairy farmers are getting paid about $1 per gallon of milk, a drop from the $1.65 they were getting a year and a half ago. At the same time, consumers are paying the same prices for milk at the grocery store—about $3 a gallon—which led to accusations that the retailers are price gouging.

“Something is desperately wrong with the picture now,” said Richard Blumenthal, the state attorney general, who has recommended legislation that would limit what milk retailers and processors can charge for fluid milk. Under the legislation, An Act Concerning the Fair Pricing of Milk, if the wholesale price charged to a retailer by a processor is 40 percent above the price paid to the farmers, the processor will be investigated. If the retail price is 40 percent above the wholesale price paid the processor, then the retailer would be investigated.
“Our aim is to help both the farmer and the consumer by eliminating unconscionable profits resulting from price gouging, and to restore competition to the industry,” Mr. Blumenthal said. “Essentially the legislation guarantees the farmer will be paid a fair price, or at least a fairer price, because it reduces the amount it could be marked up and pegs the final price paid by the consumer to the price paid to the farmer. In other words, if the price in the supermarket rises, the price paid to the farmer also rises.”

Not everyone, however, thinks the legislation in its current form would solve the problem. At a public hearing at the Capitol in Hartford on Wednesday, dairy farmers, lawmakers, food industry officials and academics gathered to present their views on how best to save the state’s industry, while also giving consumers a break at the grocery store.

The number of dairy farms in the state dropped from 6,233 in 1940, to 663 in 1980, to 195 today. While some wonder why such a small industry matters to a state where agriculture represents only a fraction of the economy, others stress the peripheral benefits of a dairy industry presence. “The dairy industry is an integral part of our economy and quality of life,” Mr. Blumenthal said. “We spend a lot of money to preserve farmland, and helping farmers stay in business when they provide an essential item that is important.”

The state’s dairy farms are mostly in New London, Windham and Litchfield counties, in scenic rural areas. In the Quinebaug-Shetucket Heritage Corridor, which encompasses 32 towns and was designated a national heritage site by Congress in 1994, the farms are part of the open landscape. “We lose farms and they can be developed, and let’s face it, with the population push, we would end up looking like Newark,” said Andrea Ader, of Quinebaug-Shetucket Heritage Corridor Inc., which oversees the area. “That’s fine if you want to look like Newark, but there are fewer and fewer family farms. You impact the character of the valley, and it’s not just open space. It takes something to be dedicated to milking cows twice a day.”

Bonnie Burr, the director of government relations for the Connecticut Farm Bureau, noted the dairy industry in Connecticut earned $74 million in 2001, while keeping roughly 175,000 acres as open space. Under the state’s Farmland Preservation Program, Ms. Burr said, the state buys the development rights to farmland, which allows the farmer to continue farming the land while guaranteeing that it never gets developed. Many farmers, however, when strapped for cash, end up selling land to developers anyway. It is faster than going through a government sale, and it is more lucrative.

“If the prices don’t come back by July, I’ll be done; I’m losing roughly $300,000 a year,” said Mr. Jacquier, explaining that it costs him $13.75 to produce a hundredweight of milk, or 100 pounds, though he is being paid only $11 for the amount by processors. “If I sell my cows and real estate, I’ll break even,” he said. “I’ll go get a job. Once they put blacktops and driveways on it, it’s over with. We’ll grow houses.”

The reasons for the recent drop in milk prices—from about $17 dollars per hundredweight two years ago to between $11 and $13 these days—are varied and complex. The industry says production has increased nationally, with milk flooding the market from huge producers in western states, while consumption of dairy products has dropped.

In the Northeast, where land and labor costs are considerably higher than elsewhere, the expiration of the Northeast Dairy Compact in 2001 has compounded the problem by removing federal price supports for all farmers. Many in the industry believe another regional compact to reinstitute federal support could be the answer, but in the meantime, northeastern states are trying to address the problem through their own legislatures. Not everyone agrees on the approach.

“Price gouging is a consumer issue, not so much a farmer issue,” said Bob Wellington, an economist with Agri-Mark, a cooperative of New England dairy farmers. “But the problem is the shares the farmers are getting are shrinking, and they’re
getting crushed by the lower milk prices. Most farmers are saying this is the worst financial situation in decades. There are a lot of auctions lined up.”

Mr. Wellington explained that while the farmers are struggling, their troubles are creating a domino effect, and related services, like equipment and grain sales, are also suffering. “It’s almost like a spiraling cycle now,” he said. Ms. Burr, of the farm bureau, also questions the legislation. “When you look at the bill, while it certainly addresses the consumer needs it doesn’t really have the ability to put money back in the farmers’ pockets,” she said. “We don’t think this will do anything for the farmers.”

Another price support program, part of the 2002 Farm Bill, guarantees price supports, but critics say it only helps smaller producers. Once a farmer has produced 2.4 million gallons in a given year, they are not longer eligible for federal cash. “It’s a safety net lying flaccid on a concrete floor,” Mr. Wellington said. “If you hit it you’re already dead.”

Ronald W. Cotterill, who has published many studies on the dairy industry, said he believed the legislation would indeed raise the prices paid to farmers while keeping retail costs at a fair point. “I’ve concluded the proposed legislation addressed the farmer end probably more strongly than the consumer end,” said Dr. Cotterill, director of the Food Marketing Policy Center at the University of Connecticut.

Dr. Cotterill also said that he believed lower prices at the retailer would result in higher consumption by consumer. Mr. Blumenthal agreed. “Certainly price is a consideration when you’re considering whether to buy the extra quart,” he said. For some, though, the legislation is just a start. “Right now we’re addressing the consumer’s concerns,” said George Wilber, a state representative and former dairy farmer who is co-sponsoring the bill. “The next step is working toward putting money in the farmers pockets.”

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Cooperating Research Personnel at Other Universities

Adam David Rennhoff, Ph.D. candidate from the University of Virginia, (Dept. of Economics).

Personnel Changes

Andrew Franklin resigned effective September 30, 2002 after 12 years of service. Andy plans to become a high school math teacher. We miss him but wish him well.

Recent Placements

Basak Canan, M.S. UConn, has returned to her faculty position at Uludag University in Turkey.
Todd Marunas, M.S. UConn, has accepted a position at Waterbury Wrecking, a commercial and residential demolition company. He is a cost estimator and handles the bidding and contracts part of the business.

Matthew Lambert, M.S. UMass (almost), has accepted a position as a research associate at Adheris, Inc., a pharmaeconomic research firm specializing in chronic therapeutic compliance programs.

Matthew Palmer, M.S. UMass, has accepted a position as a research associate on the North American Gas Team at Cambridge Energy Research Associates.

Food Marketing Policy Center Graduate Assistantships Available, Fall 2003

The Food Marketing Policy Center in the Department of Agricultural and Resource Economics has graduate assistantships available at the Ph.D. level. Students with interest in organization of food industries and one or more of the following: demand and price transmission analysis, comparative analysis of U.S. and European foods systems, cooperatives, industrial organization economics, or antitrust policy are encouraged to apply. Support will be for four years. For further information, please contact Ronald W. Cotterill, Director, Food Marketing Policy Center, Storrs, CT 06269-4021. Tel. (860) 486-2742, Fax (860) 486-2461, or Email: Ronald.Cotterill@uconn.edu.

NE-165 Food Safety Text Translated to Japanese

A team of Japanese scholars, led by Takuji Sakurai, Masaru Kagatsume, and Tomoyoshi Matsuda, has just published an Introduction to the Economics of Food Safety and Nutrition. It provides a translation of several chapters from books published by members of the NE-165 Regional Research Project including the Economics of Food Safety, Valuing Food Safety and Nutrition, and The Economics of HACCP: Costs and Benefits. The translators expect the volume to serve as a central source for Japanese researchers interested in studying markets for food quality.

AGRIBUSINESS: An International Journal update by R. W. Cotterill, Editor

Agribusiness, and more than a dozen other economic journals, are now available on line to subscribers at (www.interscience.wiley.com). The journal is also indexed in Econlit.

Instructions for manuscript submissions are available by email: (FMPC@UCONN.EDU). Manuscripts are submitted electronically to the same address. Articles appearing in Issues No. 3 and 4, 2002 are as follows:

Agribusiness (18:3) Summer 2002
"Growth by Acquisition and the Performance of Large Food Retailers" by Bruce Bjornson and Michael E. Sykuta.

“Size, Cost, and Productivity in the Meat Processing Industries” by Yin Xia and Steven Buccola.


“The Pricing of Innovations: An Application to Specialized Corn Traits” by Corrine Alexander and Rachael E. Goodhue.

“A Patent Analysis of Global Food and Beverage Firms: The Persistence of Innovation” by Oscar Alfranca, Ruth Rama, and Nicholas von Tunzelmann.


“Household Composition and Food Expenditures in China” by Brian W. Gould.

Book Review by Ferdaus Hossain

Agribusiness (18:4) Autumn 2002

“The Price-Concentration Relationship in Grocery Retailing: Retesting Newmark” by Chih-ching Yu and John M. Connor.


“Staggering and Synchronisation of Prices in a Low-Inflation Environment: Evidence from German Food Stores” by Jens-Peter Loy and Christoph Weiss.

“The Demand Impacts of Chicken Contamination Publicity–A Case Study” by Roger A. Dahlgran and Dean G. Fairchild.


“Minimum Effective Scale in Export Promotion” by Timothy J. Richards and Paul M. Patterson.

Multicriteria Analysis and Assessment of Financial Viability of Agribusinesses: The Case of Marketing Co-operatives and Juice-Producing Companies” by George Baourakis, Michael Doumpos, Nikos Kalogeras, and Constantin Zopounidis.

Book Review by Thomas R. Maloney
Activity Report

Ronald W. Cotterill  
(Ag. Econ., University of Connecticut)

Ron was recently elected a member of the European Academy of Sciences and cited for contributions to economics and research in the field of agricultural and resource economics.

In October Ron was invited to participate as a speaker in the New York State Assembly Committee of Agriculture Milk Pricing Roundtable held in Morrisville College.

On November 19th Ron organized and spoke at a milk-pricing workshop titled, “Prices in Dairy Farming.” The workshop was held at the University of Connecticut and attended by over 200 dairy farmers from Connecticut and New York and New England.

On December 10th Ron spoke at a second “Crisis in Dairy Farming” workshop that was held in West Lebanon, New Hampshire and attended by more than 200 Northern New England, dairy farmers and others interested in dairy policy issues.


Ron served as expert economist for Midland Farms in its successful defense of offering milk for sale at prices that other firms alleged were below cost. After a formal hearing, the Massachusetts Department of Agriculture agreed to allow Midland to sell milk of all types at prices well below $2.00 a gallon in Massachusetts. These prices are more than $1.00 a gallon below reported supermarket prices.

Ron participated in the Federal Trade Commission’s review of its merger and divestiture policies towards food retailing by preparing extensive comments on those issues as well as a white paper provided by the Food Marketing Institute.

Julie Caswell  
(Ag. Econ. University of Massachusetts)

Julie Caswell made an invited presentation on Overview of Traceability and Related Issues at the annual meeting of the Food Distribution Research Society, Miami, October 2002.


Bruce Larson  
(Ag. Econ., University of Connecticut)

Bruce continues working with Sara Scatasta and Shinano Hayashi on various projects investigating the impacts of environmental regulations, product standards, and eco-labels on agricultural and food markets. Bruce’s paper on shade coffee and eco-labels was accepted for publication in Environmental and Resource Economics (forthcoming 2003).

Bruce presented a paper, “European Union Environmental Policies and Imports of Agricultural Products from the United States” at the AAEA Annual Meetings in Long Beach, CA during August of 2002. He and Sara are revising this paper for submission to a journal in the near future.


Sara began a post-doc position with the Environmental Economics and Natural Resource Group at the University of Wageningen. She presented an empirical paper developed from her dissertation during September of 2002 to the
European Trade Study Group in Kiel, Germany. She and Bruce submitted this paper for presentation at the annual meetings of the European Association of Environmental and Resource Economists in Bilbao, Spain to be held in June 2003, and they plan to revise further the paper for submission to a journal in the near future.

Shinano Hayashi, Ph.D. student, continues his dissertation research on the effects of GMO labeling on food imports in Japan. He continues his time series analysis on commodity prices (e.g. soybeans), and his dissertation should be complete later in 2003.

Nathalie Lavoie
(Ag. Econ. University of Massachusetts)

Nathalie is working on a project on the impact of reforming wheat importing state-trading enterprises on the quality of wheat imported.

Nathalie is working with Dan Lass (UMass) and Donghun Kim (assistant professor in residence at UConn) on a project examining market power in the U.S. butter and margarine industry using a random coefficient discrete choice model of demand.


In June 2002, Nathalie visited INRA-ENESAD at Universite de Bourgogne, Dijon, France, where she worked with Gilles Grolleau on collaborative projects.

In July 2002, Nathalie presented “An Empirical Evaluation of the Canadian Wheat Board Ability to Price Discriminate in Bread Wheat Exports” at the Annual Meeting of the American Agricultural Economics Association in Long Beach, CA. She also served as the Industrial Organization/Supply Chain Management Topic Leader and as a moderator.

Rigoberto Lopez
(Ag. Econ., University of Connecticut)

Rigoberto is extending his work on industrial concentration from industry to the brand level, with special emphasis on milk markets. He continues to work with Azzeddine Azzam on food manufacturing productivity and Ronald Cotterill and Benaissa Chidmi on milk pricing. He is currently collaborating with the Food Marketing Policy Center in developing research to assess alternative distribution channels and processing arrangements for locally produced milk.

Rigoberto presented a seminar to the Department of Agricultural Economics at the Uludag University in Bursa, Turkey, August 15, 2002. The seminar was entitled, “Market Power vs. Efficiency in U.S. Food Processing Industries.”

Richard Rogers
(Res. Econ., University of Massachusetts)

Richard has accepted a new position as the faculty advisor to the provost for undergraduate education at UMass. This position is for two years, and he will be on leave from his faculty position in the Department of Resource Economics and from the Food Marketing Policy Center during this time. But he hopes to stay involved with the FMPC through Julie, Nathalie, and Dan Lass who is working with Nathalie and Ron on dairy issues.

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Data Corner

Recent acquisitions include:

Trade Dimension’s Market Scope. The Desktop


The Food Marketing Policy Center has extensive holdings of Competitive Media Reporting, Leading National Advertisers, national advertising data, 1987-1997. Contact the Policy Center for details on specific holdings.

The Food Marketing Policy Center subscribes to the following trade journals; the current holdings are listed for each publication:

Promo, Promotion Marketing Worldwide, November 1997-current.


Cooperative Grocer, For Retailers and Cooperators. 1994-current.


Contact Adam Rabinowitz (860) 486-2823 for a complete listing of data and reference works available.

Food Marketing Policy Center
Publications Catalog

We have updated the list of the publications that are available through the Center. Call (860) 486-1927, write for a copy, or print it from our Home Page: http://www.are.uconn.edu/FMktc.html

Recent Publications and Papers


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