Mission

The Food Marketing Policy Center conducts research on food and agricultural marketing and related policy questions. It facilitates research by maintaining large scale data bases and a visiting research scholars program. 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.

Newsletter Editorial:

A Little History: Marx on Kenneth Lay

by Ronald W. Cotterill

As Kenneth Lay, the CEO of the imploded Enron, goes to trial for securities fraud and swindling investors perhaps it is time to give Karl Marx his due. Landreth and Colander in History of Economic Theory, a well written and enjoyable read for professional economists, summarize Marx’s views on the concentration and centralization of capital as follows:

The increasing centralization of capital is furthered by the development of a credit system and of the corporate form of business organization. Although the corporation was just beginning to assume importance during Marx’s time, he demonstrates a remarkable insight into some of the long-run consequences of the growth of the corporate economy. Corporate capitalism is characterized by the fact that its enterprises assume the form of social enterprises as distinguished from individual enterprises. It is the abolition of capital as private property within the boundaries of capitalist production itself. Transformation of the actually functioning capitalist into a mere manager, an administrator of other people’s
Mark’s view, then, is that capital accumulation, economies of scale, the growth of credit markets, and the dominance of the corporation in business organization would lead to the concentration and centralization of capital into fewer and fewer hands. Competition ends by destroying itself, and the large corporation assumes monopoly power. With the large corporation comes a separation of ownership and control and a number of undesirable social consequences:

- a new aristocracy of finance, a new sort of parasites in the shape of promoters, speculators, and merely nominal directors; a whole system of swindling and cheating by means of corporation juggling, stock jobbing, and stock speculation. It is private production without the control of private property.5

{Landreth and Colander, History of Economic Thought, Houghton Mifflin, 1989, p. 192-93.}

Of course since Marx wrote this in the 1860s the populist movement produced the Sherman Antitrust Act (1890), the progressive movement produced the Clayton Antitrust Act and FTC (1914), the New Deal gave us the Securities and Exchange Commission, and recently we have the Sarbanes-Oxley Act. Nonetheless the drive for wealth and power from time to time continue to overwhelm the laws designed to constrain such conduct for the social good. We are building higher dikes in New Orleans. The social control of capitalist economic power seems to face similar uncertainties and needs.


5. Ibid., p. 519.
Food Marketing Policy Center Graduate Assistantships Available, Fall 2006

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.

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Personnel Changes

Li Tian recently took an economist/risk management position with Discover Credit Card Corp. in Illinois.

Ariel Singerman (M.S., UConn) and Richard Volpe (M.S., UMass) are now Ph.D. students at the University of California-Davis.

We are happy to announce that Dr. Sven Anders has joined the Food Marketing Policy Center at the University of Massachusetts, Amherst. Dr. Anders holds a Ph.D. from the University of Giessen. He will be working on risk management and industrial organization research with Julie Caswell, Nathalie Lavoie, and Dan Lass.

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, 2005 are as follows:

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"Poverty Levels and Food Demand of the Poor in Turkey" by Seda Sengul and Ismail Tuncer.

“The Impact of BSE on Japanese Retail Meat Demand” by Hikaru Hanawa Peterson and Yun-Ju (Kelly) Chen.


“The Economic Impact of StarLink Corn” by Troy G. Schmitz, Andrew Schmitz, and Charles B. Moss.

“A Dynamic Model of Oligopoly and Oligopsony in the U.S. Potato-Processing Industry” by Ani L. Katchova, Ian M. Sheldon, and Mario J. Miranda.


Book Review, by Wesley N. Musser

Farm Management Principles and Strategies, by Kent D. Olson.
Agribusiness 21(4) Autumn 2005

Contents

Forum on Northeast Dairy Compact

“Effects of Government Programs to Raise Milk Prices: Academic Economists and Public Policy” by Daniel A. Sumner.

Articles on Price Transmission and Market Power in Local U.S. Milk Markets
“Retail Oligopoly Power, Dairy Compact, and Boston Milk Prices” by Benaissa Chidmi, Rigoberto A. Lopez, and Ronald W. Cotterill.

“Asymmetric Response of Retail Milk Prices in the Northeast Revisited” by Daniel A. Lass.


Articles
“Managing Price Cycles in the Champagne Industry” by Francis Declerck.


Book Review, by Evert Van der Sluis
Restructuring Agricultural Cooperatives, by George W.J. Hendrikse, (Ed.)

Activity Report

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


Ron traveled to Colorado on September 27-29, 2005 and delivered a keynote address at the USDA Milk Market Administrator Annual Conference in Colorado Springs. The title was, “Determinants of Retail Fluid Milk Prices: Channel Pricing Power Games.”

Ron was selected as the recipient of the 2005 University of Connecticut Alumni Association Faculty Excellence Award in Research (Humanities). This award recognizes excellence in scholarly research.

Ron was on sabbatic leave during the Fall 2005 semester. He visited Yale University and served as expert economist in a class action law suit on behalf of all direct purchasers (including supermarkets) of Del Monte Gold pineapples. Del Monte is alleged to have monopolized the whole fresh pineapple market.

Julie Caswell
(Ag. Econ. University of Massachusetts)

Julie Caswell presented the 2nd Annual Kenneth R. Farrell Distinguished Public Policy Lecture at the Ontario Agricultural College, University of Guelph on December 5, 2005. The lecture was titled: Globalization & Agriculture: The Impact of Food Quality and Safety Concerns.

Julie Caswell attended a meeting of the Food Forum on Controlling the Risks from Food Allergens on July 8, 2005 in Washington, DC. She also participated in a panel discussion at the Food Forum meeting on Challenges in Managing Food-Derived...
Robert J. Johnston  
(*Ag. Econ., University of Connecticut*)

Robert Johnston and Cathy Roheim (University of Rhode Island) presented the paper, “A Battle of Taste and Environmental Convictions for Ecolabeled Seafood: A Choice Experiment,” at the annual meetings of American Agricultural Economics Association in Providence, Rhode Island, July 24-27. The same paper has been returned to *Journal of Agricultural and Resource Economics* for a second-round review.

Three focus groups were conducted during July and August to assess consumer reactions to the new “country-of-origin” and “wild vs. farmed” labels that were mandated on all fresh seafood as of April 1, 2005.

Johnston also attended a workshop in Galway, Ireland from July 6-9 to establish the aquaculture biotechnology initiative between Connecticut Sea Grant, the University of Connecticut, and the Martin Ryan Institute at the National University of Ireland. A proposal to fund future work with the initiative has been submitted to USDA with Bob Pomeroy (*Ag. Econ, University of Connecticut*) and Tessa Getchis (Connecticut Sea Grant).

Nathalie Lavoie  
(*Ag. Econ. University of Massachusetts*)

Nathalie Lavoie is on leave from the University of Massachusetts.

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

Rigoberto Lopez presented two invited papers (one on vertical relations in breakfast cereals and the other on oligopoly-efficiency tradeoff in food processing) at the XVII International Conference on Political Economy in Vicsa, Brazil in October 2005. In addition, two others papers were presented at the American Agricultural Economics Association in Providence, Rhode Island in July 2005, one on discrete choice demand (with Chidmi and Cotterill) and the other on farm household efficiency in Colombia (with Maria Gonzalez). A different version of the latter was presented at the IX European Workshop on Productivity and Efficiency Analysis in Brussels, Belgium in July 2005.

Rigoberto was an invited speaker at the Leaders’ Forum, College of Agriculture and Natural Resources, University of Connecticut, November 9, 2005. His topic was, “Community Food Security in Connecticut: A Town by Town Assessment.” He also taught a one-week workshop on supply of agricultural products at the CIHEAM Masters program in agro-marketing in October 2005, Zaragoza, Spain.

Christian Rojas  
(*Visiting Assistant Professor of Economics, University of Texas, Dallas*)

Christian Rojas recently moved from V.P.I. to UT-Dallas on a visiting position. He is currently working on two projects emerging from the IRI beer data as a FMPC research fellow. The first is analyzing the effects of vertical restraints (territorial exclusives – mandated or not- and exclusive dealing arrangements i.e., franchises) on brand level prices and welfare, and the second is analyzing the magnitude of the tax pass-through rate at the brand level as a consequence of the 100% excise tax increase.

**Data Corner**

**Recent acquisitions include:**


Trade Dimensions *High-Volume Retailers–The Alternate Channel Sourcebook*, 2006 (formerly the *Directory of Mass Merchandisers*).
The Food Marketing Policy Center has extensive holdings of Competitive Media Reporting, Leading National Advertisers, national advertising data, 1987-2004. 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:

- **Supermarket Business**, 1996-current.
- **Supermarket News**, The Weekly Newspaper of Food Retailing, 2000-current.
- **Cooperative Grocer**, For Retailers and Cooperators. 1994-current.

Contact Adam N. Rabinowitz (860) 486-2826 for a complete listing of data and reference works available.

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**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.fmpc.uconn.edu](http://www.fmpc.uconn.edu).

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**Recent Papers and Publications**


Tool-Box.” Sponsored by Tuskegee University, United States Department of Agriculture, and the Society for Risk Analysis, Washington, DC, August 2005.

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