The First Issue:

This is the first issue of what I hope will become a bi-annual newsletter. It will provide information about the activities and recent publications of faculty and staff affiliated with the Food Marketing Policy Center at the University of Connecticut and via subcontract at the University of Massachusetts. Each issue also will contain a Food Policy Newsmaker interview that will highlight current policy issues and provide you with the perspectives of key players. In this inaugural issue Mark Winne, Executive Director of the Hartford Food System interviews Ellen Haas, Assistant Secretary of Agriculture. Your comments and suggestions for improving our newsletter are most welcome. Enjoy!

Ronald W. Cotterill, Director

Food Policy Newsmaker Interview: Ellen Haas, Assistant Secretary of USDA for Food and Consumer Services

by Mark Winne

Q: How is the reorganization of the USDA going to affect the status of nutrition programs in the USDA?
A: Under Secretary Espy, we're reinventing USDA. In the nutrition area it's particularly significant because the Secretary has elevated the importance of nutrition within the Department. He has moved the position of Assistant Secretary for Food and Consumer Services to become the Under Secretary for Food, Nutrition, and Consumer Services. This action, which has to be approved by Congress, underscores the Secretary's commitment to making nutrition a primary mission of the Department and we at the Food and Nutrition Service and the Consumer Information Service are working on that reorganization plan so that we can make nutrition a primary mission of USDA.

Q: What plans does the USDA have to promote the understanding and use of the new nutrition labels appearing in 1994?

A: The food label is a critically important tool for consumers to relate diet and health. We have an education program working with the FDA to prepare printed materials designed to inform the consumer about the label changes. But even with these efforts, we recognize that much more needs to be done.

Q: What are your priorities for rationalizing and coordinating the food safety assurance programs of the federal government? Do you see a single food safety agency in the future?

A: Our recent pesticide initiative is a good example of how the federal government will be coordinating its efforts in regard to food safety. It will be a part of the new teamwork approach at USDA. Our approach to food safety will rely on coordination among federal agencies.

Q: Your program area has links to another important initiative of the Clinton Administration, Health Care Reform. Could you explain them?

A: Two weeks ago President Clinton unveiled his health care plan. Under this plan, the 37 million Americans who have no health care will be protected. 25 percent of those families are farm families and live in fear of illness because they lack health insurance. The rural health care provisions, much of which doesn't appear in the press, are some of the most innovative proposals of the plan. They link technologically rural primary care providers with hospitals in cities so that, for example, an EKG can be read. The President and the First Lady understand that nutrition also is a critical ingredient of good health. Eating a healthful and nutritious diet is an essential part of disease prevention. I have been working with the people in the White House to expand the nutrition part of the health care plan so that it is a more central part of the plan. During his speech, the President said, "We have to change our ways if we ever really want to be a healthy people." And one of the ways we can change is the way we eat. There is no doubt any longer that diet is linked to chronic disease. The 1988 Surgeon General Report on Nutrition and Health found that for the two out of three Americans who don't either smoke or drink, eating patterns shape their long term health patterns more than any other kind of personal behavior. What they ate had more to do with their health outcomes than anything else they did.

It is critical that if we are to reach our health objectives as a nation that we integrate nutrition into all of our food assistance programs. Secretary Espy and I believe that we have a special responsibility to the low income participants in our programs. It's really not enough to insure access to food. We have to insure also that our clients have the information and the ability to make wise, healthful choices. And the information exists already. USDA and the Dept. of HHS developed the dietary guidelines for Americans back in 1980 and then they were reviewed and revised for all of the years since then. And they were designed to help consumers make health choices that should
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be the basis of our food assistance programs. They recommend a diet low in fat, low in saturated fat, low in sodium and high in fiber and fruits and vegetables. But a book is no good if you leave it on the shelf. We haven't done a good enough job in integrating the guidelines and recommendations in the program that low income consumers rely on. In fact, in some programs, we haven't done anything. Our school meals are a perfect example. In the National School Lunch Program which serves 25 million kids every day in 90,000 schools across the country, even more than MacDonalds on a single day, the nutritional basis that we use to design the current school meal plan is terribly out of date and inconsistent with dietary guidelines. USDA's own studies show that the meal our children eat each day is on average 38 percent of the dietary guideline for fat and exceeds recommendations for sodium by almost double and also is way below what is recommended for fiber and carbohydrates. That falls hard on low income consumers who have the most direct correlation to dietary risk for heart disease and cancer and are least able to pay health care costs and are the least likely to be covered (with insurance).

USDA's own studies show that on the day we surveyed children, that 35 percent of the children said they ate no fruit that day and 25 percent said they ate no vegetables that day. We know that these dietary patterns do lead to chronic disease. Two months ago there was a study published in the *New England Journal of Medicine* which showed that the clinical beginnings of such diseases as heart disease are present among teen-agers and children. They are directly related to the consumption of fat, saturated fat, cholesterol, and sodium. The evidence is clear—diets of children are too high in things that we know are unhealthy. We are trying to change this at USDA. We got off to a fresh start with our Fresh Start initiative where we are doubling the amount of fresh fruits and vegetables that are available in our school lunch program. Our aim is to serve meals that are healthy and nutritious and meet the dietary guidelines. What that really is, is a lunch that kids can live with.

But before we make any tangible changes in this area, we want to hear from all the affected interest. We're going out on a series of hearings—Atlanta, Los Angeles, Flint, MI, and back to Washington. We want to hear from farmers, consumers, parents, doctors, food service administrators, and principals. These hearings are a very important first step before we set out any policy.

Thank you for talking with us. (This interview was conducted at the meeting of National Association of Farmer's Market Nutrition Programs, Baltimore, MD, October 8, 1993, and is based in part on Ms. Haas' talk before that association.)

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**Activity Report**

**Julie Caswell**  
(*University of Massachusetts*)

From January to June 1993 Julie Caswell was a visiting scholar in the Department of Agricultural Economics, University of California at Davis.

Julie presented a seminar at the Department of Agricultural and Resource Economics, University of California at Berkeley titled "Economic Criteria for Settling Federalism Disputes with an Application to Food Safety Regulation."

Julie was elected to the board of directors of the Food and Agricultural Marketing Consortium.

In June, Julie was elected president of the Northeastern Agricultural and Resource Economics Association.

Julie chaired the NE-165 organizing committee for the *Valuing Food Safety and Nutrition Workshop*, sponsored by the Center, held in Alexandria, VA on June 2-4, 1993.

Julie also is a member of the organizing committee for the June 1994 NE-165 research conference "Interactions between Public Policies and Private Strategies in the Food System" to be held in Montreal.

**Ronald W. Cotterill**  
(*University of Connecticut*)

Ron Cotterill, Department of Agricultural and Resource Economics, provided testimony before the Connecticut Legislature Committee on General Law entitled, "Economic Analysis of Triple Couponing in Hartford."

Ron is providing economic analysis for the New York Attorney General's challenge of the acquisition of the R.J.R. Nabisco Shredded Wheat breakfast cereal division by Philip Morris Kraft/General Foods. The preliminary injunction hearing was in May before the Honorable Kimba Wood, Southern District of New York.

Ron was invited by the Food Economics Branch ERS/USDA to initiate their Food Marketing Review Seminar series. The title of the seminar was "Oligopoly Price Reaction Models: An Application to the U.S. Soft Drink Industry."

Ron was a member of the organizing committees for the national conference on *Valuing Food Safety and Nutrition* held in Alexandria, Virginia in June and for the upcoming international conference on competitive strategy analysis in the food system scheduled for Montreal in 1994.

Ron attended the American Agricultural Economic Association meetings in Orlando, Florida, August 1993.

Ron assisted Anthony Gallo, ERS/USDA, to set up, and spoke in a free session at the American Agricultural Economic Association meetings entitled "Profitability in Food Manufacturing."

Ron attended and delivered an invited paper at the American Bar Association Annual Meeting, New York City, August 10, 1993.

Ron and Subhash Jain, School of Business, University of Connecticut were awarded a competitive grant under the National Research Initiatives Program, USDA, entitled "Global Competitors in the U.S. Beer and Bottled Water Industries: A Multidisciplinary Analysis." This grant in the amount of $95,343 will support two Ph.D. students in Agricultural and Resource Economics and a research assistant in Marketing, School of Business.
Subhash Jain
(University of Connecticut)

Subhash Jain, Department of Marketing is affiliating with the Policy Center to conduct business case study research on the strategies of Nestle/Perrier in the U.S. bottled water market and strategies of foreign beer firms in the U.S. Beer market. Subhash, is an internationally recognized marketing economist, who has written several marketing textbooks and consulted with many large companies including Nestle.

Michael Lubatkin
(University of Connecticut)

Michael Lubatkin, a management professor from the School of Business and an active contributor to the Food Marketing Policy Center, was recently elected to the position of Assistant Program Chair of the Business Policy and Strategy Division of the Academy of Management, a position directly leading in 1996 to the Presidency of this international division of over 2,500 members.

Michael attended the Academy of Management meeting in Atlanta in August and the Strategic Management Society Meetings in Chicago in September.

Richard Rogers
(University of Massachusetts)

From January to June 1993 Richard Rogers was a visiting scholar in the Department of Agricultural Economics, University of California at Davis.

Rich presented a seminar at University of California at Berkeley titled "Agricultural Cooperatives in Food Manufacturing: Implications for Market Performance."

Han Srinivasan
(University of Connecticut)

Han Srinivasan, Department of Marketing currently is on sabbatic leave at Erasmus University, Rotterdam and will return in January to work on food labeling with William Putsis, Yale School of Organization and Management.

Thomas Steahr
(University of Connecticut)

Thomas Steahr, Department of Agricultural and Resource Economics, attended and presented a paper at the NE-165 conference "Valuing Food Safety and Nutrition."

Linkages: The University of Massachusetts Connection.

The Food Marketing Policy Center is located at the University of Connecticut. However, since its inception in 1988, Professors Richard Rogers and Julie Caswell, Department of Resource Economics, University of Massachusetts, have been an integral part of the Center via an annual subcontract that supports their research activities. One of the original reasons for organizing the Policy Center was to provide a vehicle for integrating food and agricultural marketing research in New England.
Linkages: The NE-165 Connection

The Food Marketing Policy Center is the core research group for a national agricultural marketing consortium that conducts economic research on the organization of the food system, the impacts of safety and nutritional attributes of food products on consumer preference, and the performance of the food marketing system.

The consortium is organized as a land grant university regional research project NE-165 Private Strategies, Public Policies, and Food System Performance, and includes 24 U.S. and Canadian Universities, the U.S. Department of Agriculture, the Food and Drug Administration, the General Accounting Office, and the Environmental Protection Agency.

The Center facilitates research among participating agencies by disseminating technical papers, organizing NE-165 bi-annual meetings, national conferences, and workshops on specific topics on the research agenda, and publishing results of those meetings in research monographs, and books.

Julie Caswell, University of Massachusetts, is the chairperson of the Regional Research Project NE-165, Public Policies, Private Strategies and Food System Performance, and Ron Cotterill, University of Connecticut, serves as its Executive Director.

Linkages: Call for Abstracts for 1994 NE-165 Research Conference.

The Northeast Regional Project NE-165 will hold its annual research conference in Montreal, June 26-28, 1994. The theme of this conference will be "interactions between Public Policies and Private Strategies in the Food Industries." The organizing committee seeks papers that reflect the relationships between public policies and firm-level strategic decisions as they affect performance in the food industries. How do policy initiatives constrain or direct business decisions? How does firm level behavior affect the policy agenda? How do the combined effects of private strategies and public policies affect performance (competitiveness, consumer welfare, innovation, profitability, etc.)? Among the policy areas that are of interest are new product initiatives, harmonization of regulation in international markets, antitrust, food safety and other regulatory issues, and marketing institutions (e.g. marketing orders and boards).

Original research, particularly empirical analyses, that considers behavior at the level of the firm, industry, or sector is solicited. A two page abstract of the paper should be submitted by November 15, 1993. Authors whose abstracts have been chosen will be apprised by December 15, 1993. Full papers must be submitted in May, 1994, for inclusion in the proceedings. Following the pattern from previous research conferences, the organizing committee will select and edit papers for inclusion in a book.

Questions and abstracts should be directed to Michael Mazzocco and Randall Westgren, Department of Agricultural Economics, University of Illinois, 305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801.

Linkages: Data Available

The Food Marketing Policy Center currently manages several research data sets that are available for your use. Data sets include the ADP Merger Database, the 1987 Census of Retail Trade Special Tabulation, and SAMI data for 1980-1990 among others. Also available are several reference data books and trade journals including the Grocery Distribution Analysis and Guide, The Food Institute Report, and Supermarket News. We welcome suggestions for further data acquisitions. A complete list and details as well as assistance is available from the Policy Center. Contact Andrew Franklin at (203) 486-2823.
The research conference titled *Valuing Food Safety and Nutrition* was held in Alexandria, Virginia from June 2-4, 1993 with 100 people in attendance. The workshop was designed to address the unresolved question of how much value consumers and society place on food safety and nutritional quality. Funding support for the workshop was provided by the Food Marketing Policy Center, University of Connecticut; the Cooperative State Research Service, U.S. Department of Agriculture, and the Farm Foundation. The Food Marketing Policy Center managed the conference.

A prologue to the conference was held on the evening of June 2nd with the viewing of a videotape of Peter Sandman's special presentation to the U.S. Department of Agriculture on risk communication. Sandman's talk provided background on consumer perception issues important to valuation of the safety and nutritional quality of foods. The opening session of the conference on June 3rd featured an overview by Eileen O. van Ravenswaay of research needs on the economic value of food safety and nutrition. She emphasized the need to understand differences in questions asked and results obtained from different methodological approaches. Young Sook Eom presented a formal economic model of consumer self protection, use of information, and valuation, which provided a common economic overview to all conference participants. Together these two papers served as a strong introduction to the conference's research focus. The workshop's emphasis on the interaction between economic research and policy was underscored by a luncheon presentation by Michael Taylor, Deputy Commissioner for Policy, Food and Drug Administration. Mr. Taylor outlined the roles he expects economic research to play in development of FDA's programs, particularly in evaluating the use of HAACP approaches to assure food safety and impacts of new nutrition labeling requirements in the United States.

The workshop turned to a side-by-side comparison of different research methodologies currently in use to place values on food safety and nutrition. Five papers presented methodological issues, research insights, and results from studies using, in turn, contingent valuation, experimental economics, conjoint analysis, hedonic pricing, and cost of illness approaches.

The workshop then focused in more depth on contingent valuation methodology. A federal government view, from two members of the Office of Management and Budget, on the uses of contingent valuation and other non-observational methods provided a benchmark for discussion. Six researchers presented results and critiques from their contingent valuation studies, many dealing with consumer response to chemical residues in food. Several researchers emphasized the relatively heavy demands of time and money necessary to carry out contingent valuation studies. The presentations and many questions and answers from the audience focused on methodological details, the importance of the information context in which consumers make valuations, and the reliability of study results.

The day's program ended with a formal poster session, with 17 papers being presented by their authors. Several poster papers focused on measuring consumer concerns about, knowledge of, and demand for food safety and nutrition, with specific coverage of new technologies (e.g., irradiation), foodborne pathogens, and nutrition attributes (e.g., fat content). Additional poster papers addressed
use of valuation methodologies and industry models incorporating valuation research.

In the morning of the workshop's second day there were two paper sessions designed to present research on links between valuation, costs of providing safety and nutritional quality, and policy. A session on industry models incorporating valuation of food safety and nutrition included three papers: one on technology for controlling meatborne pathogens; a second on evaluation of the welfare impacts of a regulatory policy to control salmonella enteritidis in eggs; and a third on analysis of the economic effects of food safety regulations in an open economy. Discussion and comments highlighted the difficulties involved in developing system models that incorporate reliable estimates of changes in producer and consumer welfare.

A second morning session focused on information, regulation, and labeling. The promise of employing principal-agent theory in research on the economics of food safety was detailed in an initial paper. The benefits and costs of a specific example of information policy, the case of new nutrition labeling requirements in the United States, were then explored in two papers.

The workshop ended in the afternoon with two round table discussions. The first featured four speakers addressing specific methodological issues, including specifications for willingness to pay studies, use of discount rates, the need for attention to geographic and demographic patterns of foodborne illness, and indexes for measuring pesticide risks. The second round table brought a discussion of data needs for valuation research on microbiological food risks. The data needs outlined reached from the production level through the manufacturing, distribution, and consumer use levels.

The conference succeeded in bringing together and juxtaposing the several different strains of valuation research being conducted in the area of food safety and nutrition. The field is developing quickly and it is clear that future work will be enhanced by the type of discussion of methodologies and comparison of results accomplished at this workshop. Conference proceedings may be ordered from the Food Marketing Policy Center, Box U-21, University of Connecticut, Storrs, CT 06269-4021, Telephone (203) 486-2823. The cost is $35, payable to the University of Connecticut.

**Recent Graduate Dissertations and Theses**


Swinand, Gregory P. M.S. (under Richard Rogers, University of Massachusetts) "Aggregate Concentration and Market Power: Participation in Food and Tobacco Markets by the Sector's Largest Firms." September 1993.
Recent Publications and Papers:


the American Agricultural Economics Association, Orlando, FL, August.


Franklin, Andrew W. and Ronald W. Cotterill. Food Marketing Policy Center Data Base List 23 pages. This publication catalogues the diverse data sets that are available for research from the Food Marketing Policy Center, University of Connecticut.


