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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Food Policy Newsmaker Interview: Randall Torgerson, Assistant Administrator for Cooperative Services, Rural Development Administration.

by Ronald W. Cotterill

Q: Let's start by asking what the Cooperative Service might be doing over the next five to ten years, especially given the recent reorganization and the wider emphasis on rural development. Are there old strains of research and activity that you want to carry forward and other new strains that might possibly come in to your portfolio?

A: I foresee a very real need for a continuation of our programs serve the interest of agricultural producers. As they restructure and realign their cooperatively owned systems in the market place, changes are occurring at the local, regional, and interregional levels. Some changes extend into international trade relationships. I think the changing structure of cooperatives and their role in a changing food system is a tremendously fruitful area for continued research. Such research very much serves the people needs of rural America, which this department has as one of its primary focal points.

Q: That addresses ongoing interests, how about new areas?

A: As we look to the future with our new reporting relationship to what it will now be known as the Undersecretary for Rural Economic and Community Development, we see an opportunity to broaden our mission through prospective new legislation which would enable us to offer our research, technical
assistance, and information/education type services to rural non-farm cooperatives. Right now throughout the country there is a great deal of interest in rural infrastructure and applications of basic principles of community development, wherein the cooperative form of business is often an integral component. New utility services such as water systems, waste disposal, and the information super highway each potentially have a cooperative component.

Lending institutions such as the CoBank, the St. Paul Bank for Cooperatives, the National Cooperative Bank and others are committed to the growth and development of cooperative utilities to reach rural communities in a cost efficient fashion that increases rural incomes. We also see the possibility of applications of the cooperative model to areas such as health care, elder care, cooperative housing, and consumer goods and services including wholesale and retail food cooperatives. As these opportunities unfold, we hope to serve as an agency that supports research on rural cooperatives and as a source of information and technical assistance. Some of this work will be targeted at communities that experience persistent poverty and others that are adapting to a lot of structural economic change.

Q: Let's shift now to Regional Research Project NE-165. As you know, NE-165 is planning its next five-year (1996 to 2000) research agenda. What do you think are the critical issues in the food marketing area that the project might focus upon?

A: I see a very real need for a regional research effort in the United States to continue to focus on the structural changes that are occurring at all levels in the food marketing channel. These changes may be in part driven by new technologies including the biotechnology and the information super highway, yet we need to move beyond technology impact assessments to address all sources of change. We also need to know more about changes in competitive strategy and market power relationships at various levels in the system. Finally, we also need to determine how farmers, rural citizens, and consumers can develop countervailing power through marketing initiatives or public policy changes. We're at a point where I think we've lost some momentum on this research agenda and many in rural America very much would like to see that recaptured.

Q: In last Sunday's New York Times there was an article concerning general unrest among Americans concerning the economy. Even though the economy is improving, people still seem to think that their economic condition is getting worse. So there is a paradox in our economic environment right now. They go on in the article to suggest that in the past when people's economic conditions worsened, they turned to labor unions or if you were a farmer to an agricultural cooperative as a vehicle for attacking the issue. But they are now suggesting that the average American no longer sees a clear-cut vehicle or for that matter a clearcut target such as a powerful employee or food processor. Are agricultural cooperatives still part of the solution for farmers?

A: I would like very much to think that they are part of the solution. In fact we have a cooperative renaissance occurring in some parts of the country. What I see are two converging forces that are opening opportunities for the development of the cooperatives. First is increased value added orientation. We have traditionally marketed crops off the farm in bulk form; but, those markets became very depressed during the 1980s when export markets weakened. As a result, there is an opportunity that many are seeing to add value to those bulk commodities
in their home communities where benefits, both in terms of earnings as well as employment opportunities, benefit that local community. Secondly, we see lower farm program safety nets as mandated by the 1985 and 1990 farm bills and will be discussed again in 1995.

Q: You have to think that they are going to get lower.

A: That's right. With more market orientation and less reliance on the federal coffers for boosting farm income, producers realize that they are going to need stronger organization in the market place to fend for themselves.

The cooperative renaissance in the northern plains is very much influenced by the two factors that I have just mentioned. What producers are saying is we are going to put capital at risk to pursue value added marketing opportunities, capture earnings from the food system and keep them here at home.

Q: Sounds like Ocean Spray cooperative fifty years ago.

A: Very much so.

Q: Thank you.

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**Activity Report**

**Julie Caswell**  
*University of Massachusetts*


Julie Caswell and Ph.D. student Neal Hooker are initiating a research project on the effect of trade bloc (e.g., the European Union, NAFTA) and multilateral trade (e.g., GATT) agreements on the quality, safety, and price of food products. Our particular focus is the impact of harmonization of safety regulations, mutual recognition, and other coordination
mechanisms on food safety.

Julie Caswell and Ph.D. student Eliza Mojduszka are continuing their analysis of data collected in the summers of 1991, 1992, 1993, and 1994 on nutritional labeling and health claims on over 25 food product categories. The data tracks changes in food marketing practices during a period of regulatory reform and will be the basis for future papers.

Julie is chairing the Organizational Committee for the NE-165 June 1995 Conference on The Economics of Reducing Health Risk from Food. The conference will be held June 6-7, 1995 in Washington, DC.

Julie is currently a member and Vice Chair of the Steering Committee of the Food and Agricultural Marketing Consortium; member of the Foundation Governing Board of the American Agricultural Economics Association; and President of the Northeastern Agricultural and Resource Economics Association.

In 1994, Julie was a Review Panel Member, National Research Initiative Competitive Grants Program, CSRS/USDA.

Ronald W. Cotterill
(University of Connecticut)

Ron was panelist and speaker on AgriTrends, a 58 station syndicated program on national public TV, November 17, 1994 in Columbus, Ohio. The program focused on food policy issues.

Ron was a panel member, Consumer Gain or Loss from Non-Price Competition in the Food Manufacturing, Free Session, American Agricultural Economics Association meeting in San Diego, California, August 1994.


Ron testified as expert economic witness in State of New York, v. Phillip Morris/Kraft General Foods. September 1994. As expert economist for New York analyzed the breakfast cereal industry and presented evidence that the purchase of Nabisco Shredded Wheat by Phillip Morris (Post Cereals) will damage consumers via persistent high cereal prices. Daniel Rubinfeld, University of California-Berkley was the opposing economist, and Alfred Kahn, Cornell University, served as Judge Kimba M. Wood's court economist. The decision is pending.

Ron is on the organizing committee for two conferences, "Vertical Coordination in the Food System" Washington, DC June 5-6, 1995 and "Food Retailer-Manufacturer Competitive Relationships in the EU and USA: Emerging Research Issues," University of Reading, U.K., July 17-19, 1995.

Ron and Andrew Franklin are using zip code demographic data from the U.S. Census to analyze the location of 6053 supermarkets in 22 large U.S. cities. This project is joint with Public Voice, Washington, D.C.

Lawrence Haller
(University of Connecticut)

This fall Larry is commuting to Cambridge and attending the graduate level Industrial Organization theory course at M.I.T. At his behest the instructor, Preston McAffee, visited UConn and presented a seminar.

Larry is working with Bill Putsis, Yale School of Organization and Management, and Han Srinivasan, UConn Department of Marketing, on a comprehensive analysis of private label penetration in food product categories.

Larry attended NE-165 Montreal conference and presented a poster/paper entitled "The Effects of Mergers on Consumer Welfare: A Case Study of the Beatrice-ConAgra Merger." He continues to work in this area with Michael Lubatkin.

Subhash Jain  
(University of Connecticut)

Subhash has completed his research on beer and bottled water. His two resulting Food Marketing Policy Center Research Reports are listed in publications.

Michael Lubatkin  
(University of Connecticut)

A paper by Michael Lubatkin and Ronald Cotterill entitled "Market Power Gains in Horizontal Mergers: A Line of Product Analysis of Structure and Conduct Effects" was presented August 1994 in Dallas during the annual meetings of the Academy of Management.

Richard Rogers  
(University of Massachusetts)

Julie Caswell and Richard Rogers taught an Industrial Organization course at the Polish-American summer school, University of Economics in Poznań, Poland in July. The course was taken by 30 junior faculty members from Economics departments in Poland.

John Connor presented our joint paper on the importance of vertical competition between food manufacturers and retailers in determining market concentration in food manufacturing market at a conference in Piacenza, Italy, June 10-11.

Richard Sexton presented our joint paper in a principle paper session on Oligopsony in Agricultural Markets at the American Agricultural Economics Association meeting in San Diego, California, August 1994.

At the American Agricultural Economics Association meeting in San Diego, a symposium "Cooperative Strategies in Imperfect Markets: Theoretical Approaches" organized by Jeff Royer and Richard Rogers, was successful even with having the last time slot of the meetings (the California Swingers were arriving as we spoke). Richard Sexton, Ron Cotterill and Jeff Royer were the main presenters.

At the American Agricultural Economics Association annual meeting in San Diego, a symposium on "Changes in Information Technology and Reduced Public Information: Impacts on Food System Performance" organized by Cathy Durham, Michael
Mazzocco, and Richard Rogers went well with Cathy and Michael giving presentations and Richard as one of the discussants.

Michael Willis presented our joint paper on "Market Share Dispersion Among Leading Firms as a Determinant of Advertising Intensity" in a selected paper session at the A.A.E.A. annual meeting.

Richard served as a panel discussant/presenter in the Free Session organized by Tony Gallo on "Consumer Gain or Loss from Nonprice Competition in Food Processing" at the A.A.E.A. annual meeting. Ron Cotterill, Denny Henderson, Chuck Handy, and Bruce Marion also participated.

Richard presented a paper, co-authored with Yu Ma, at the NE-165 Montreal conference on "Concentration Change in an Era of Lax Antitrust Enforcement: Evidence from Food Processing Industries, 1977 to 1987" in June.

Richard is co-chairman with Jeff Royer, University of Nebraska, the upcoming conference "Vertical Coordination in the Food System," Washington, DC June 5-6.

**Kathy Segerson**  
(*University of Connecticut*)

Kathy continues to work on prevention and treatment alternatives that fit squarely with the proposed 1995 NE-165 workshop on food safety and health issues.

Kathy is serving as Vice-President of the Association of Environmental and Resource Economists.

**Tom Steahr**  
(*University of Connecticut*)


**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: Data Available**

Recent acquisitions include:

*Progressive Grocer's 1995 Marketing Guidebook.*

Progressive Grocer's Trade Dimension data base for supermarkets in 22 large MSAs. The data contains information on 6053 supermarkets including volume, square feet, number of employees, and services offered.

Contact Andrew Franklin for a complete listing of data and reference works available.

**Food Marketing Policy Center Publications Catalogue**

Recently we assembled a list of all the publications that are available through the Center. Call (203) 486-1927 or write for a copy.

**Recent Publications and Papers**


Westview Press.


Haller, Lawrence E. "The Determinants of Brand Price in the Catsup Industry." Paper presented at the AAEA Annual Meeting August 7-10 held in San Diego, CA.


Steahr, Thomas, "Foodborne Illness in the United States: Geographic and Demographic Patterns" has been accepted for publication in International Journal of Environmental Health Research and will appear in the November 1994 issue.


