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.

Tel. (860) 486-1927
FAX (860) 486-2461

fmpc@canr.uconn.edu
http://www.are.uconn.edu/FMktc.html

November 1999 (Vol. 7 No. 1)

In Memoriam: “Zvi Griliches, 69, an Authority on Analysis of Economic Data”

By Michael M. Weinstein
The New York Times, Friday, November 5, 1999, page C20

Zvi Griliches, who spent part of his youth hiding from the Nazis in his native Lithuania, survived Dachau, taught himself English in seven months at a British internment camp and went on to become one of the world’s leading authorities on the statistical analysis of economic data, died yesterday at his home in Cambridge, Mass. He was 69. The cause was complications from pancreatic cancer, his wife, Diane Asseo Griliches, said.

Mr. Griliches (pronounced GRILL-i-kus), who was the Paul M. Warburg Professor of Economics at Harvard University, solved knotty statistical problems with profound policy implications. Prof. Dale Jorgenson, a Harvard colleague and collaborator, said Mr. Griliches’s work in the late 1950’s showed that publicly financed research and development could produce large benefits for the economy, extending well beyond the individual company or industry that came up with an innovative product or production technique.

In the case of hybrid corn, Mr. Griliches estimated, national income rose by perhaps 40 cents a year for every dollar invested in its research and development. His research developed methods for analyzing the impact of economic factors on the speed with which new technologies spread across the economy.
Other economists, building on Mr. Griliches’s techniques, showed that research and development in manufacturing also generated huge economic benefits. In a recent review of Mr. Griliches’s work on the impact of research on productivity, Prof. James Heckman of the University of Chicago wrote that the analysis “has stood up to the test of time.”

Mr. Griliches helped improve the government’s measure of inflation. Consider, as did Mr. Griliches, the case of automobiles. One reason that prices of new cars rise is inflation—the rise in price over time of cars with identical features. But car prices also rise because new cars offer better features.

To isolate the impact of inflation, Mr. Griliches and colleagues pioneered the use of the technique, called hedonics, for measuring the value to consumers of specific features, like style, size and speed. That way, he could compare the value of new and old cars by comparing the value of their separate features, isolating how much of the rise in price was attributable to inflation alone.

Mr. Griliches influenced the way the government measures prices of products whose quality changes over time, like pharmaceutical drugs, computers and housing. His work therefore influenced the government’s measure of inflation, which affects the calculation of tax brackets, Social Security benefits and many other federal expenditures.

Mr. Griliches served on the Boskin Commission, which was appointed by Congress to review possible biases in measures of inflation and reported in 1996 that the government’s index overstated inflation by 1.1 percentage points a year.

His research also refuted prevailing arguments about the impact of education on lifetime earnings. Economists observed that students who attended school for more years earned higher income—about 7 percent more for each additional year of schooling. The question was why.

The straightforward reason was that students who stayed in school longer acquired skills that employers were willing to pay for. But economists also thought that cause-and-effect ran in the opposite direction: students with more skills chose to stay in school longer because they could most effectively take advantage of further schooling. If this was true, encouraging less-skilled students to stay in school longer might not do much to lift their earnings.

Mr. Griliches’s work powerfully put this anxiety to rest. By designing careful measures of skills, he was able to show that more schooling would raise wage offers even for less-skilled students who would ordinarily not choose to stay in school longer. His findings buttressed arguments of those who called for government programs to help high school graduates attend college.

Mr. Griliches also helped develop techniques of statistical estimation, including methods for analyzing “panel” data that trace the behavior of many individuals or companies over time. Social scientists could tackle these large data sets only after the 1960’s, when powerful computers became widely available.

The common thread through Mr. Griliches’s work was the pursuit of accurate measurement. He helped devise techniques for measuring productivity—output per hour of work—and the benefits of research and development that spill over from one sector to another. Before Mr. Griliches, economists
had trouble identifying the reasons behind the historical increases in productivity.

By devising better measures of the quality of educated and uneducated workers and of the quality of different types of equipment, Mr. Griliches and Mr. Jorgenson, writing together, provided explanations for some of the previously unexplained trends in productivity. Mr. Griliches wrote that his work showed “that education, investment in research and economies of scale were the important sources of productivity growth in the long run.”

Prof. Alan Krueger of Princeton said Mr. Griliches was influential because “he got his hands dirty with actual data.” In a recent interview, Mr. Griliches said he did not pursue theory for its own sake. “I always started with an important problem and developed whatever statistical tools were needed to provide concrete answers.” Those concrete answers, said Prof. Ernst R. Berndt of the Massachusetts Institute of Technology, “make Zvi Griliches among the pre-eminent empirical economists of the last half century.”

Mr. Griliches was an unlikely candidate to become one of the world’s premier economists. Born in Lithuania in 1930, he, his sister and parents were moved to a Jewish ghetto by the Nazis in August 1941. In June 1944, the Nazis sent him and his parents to concentration camps in Germany. His parents died at the camps.

Liberated by Patton’s Third Army in May 1945, Mr. Griliches took off for Palestine, where he was captured by the British and sent for seven months to an internment camp on Cyprus, where he taught himself to read English. Because he was an orphan, Mr. Griliches was quickly permitted to enter Palestine, which he did in 1947 at age 17. Two months later the war of independence broke out. He worked on a kibbutz for a year before joining the Israeli Army.

Despite his almost complete lack of formal schooling, he learned enough, with the help of correspondence courses and tutors, to pass the entrance exams to Hebrew University, which he entered in 1950. One year later, he transferred to the agriculture economics program at the University of California at Berkeley, a course of study that Israel encouraged because it was deemed essential to the fledgling country.

Mr. Griliches graduated from Berkeley and entered the graduate program in economics at the University of Chicago in 1954. He joined the faculty there in 1956 and completed his Ph.D. in 1957. He moved to Harvard in 1969. Throughout his career, Mr. Griliches maintained close ties with Israel and Hebrew University.

In 1965 he was awarded the prestigious John Bates Clark Medal, given every two years by the American Economic Association to the best economist under the age of 40. He was elected to the National Academy of Sciences in 1975 and served as the president of the American Economic Association in 1993. He also published articles on numismatics, driven by an interest in relatives of the same family name who were well-known designers of coins and medals in pre-Communist Russia.

Mr. Griliches is survived by his wife; a daughter, Eve, of Charlestown, Mass., and a son, Mark, of Brookline, Mass.

When asked how he could concentrate on the abstract world of mathematical statistics after both his parents were murdered and after suffering himself in Nazi work camps, Mr. Griliches said: “After we came out of the Holocaust we did not look back. We had too
much trouble reestablishing some kind of life and getting going. Besides, there was no point in dwelling. People like me were a dime a dozen. Lots of people, everyone had a story. No one out there was interested in our stories.”

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**Food Marketing Policy Center Staff and Cooperating Researchers**

Ronald W. Cotterill, Director (860) 486-2742
Ronald.Cotterill@uconn.edu

Julie A. Caswell (UMass) (413) 545-5735
Caswell@resecon.umass.edu

Richard A. Chisik (860) 486-4762
Chisik@uconnvm.uconn.edu

Jeremy Foltz (860) 486-2838
Jeremy.Foltz@uconn.edu

Andrew Franklin (860) 486-2826
Andrew.W.Franklin@uconn.edu

Bruce A. Larson (860) 486-1923
Blarson@canr.uconn.edu

Rigoberto A. Lopez (860) 486-1921
RLopez@canr.uconn.edu

Michael Lubatkin (860) 486-3482
Lubatk in@uconnvm.uconn.edu

Avinash Mainkar, James Madison Univ.
Amainkar@cs.com (703) 847-9791

Thomas J. Miceli (860) 486-5810
Miceli@uconnvm.uconn.edu

William Putsis (London Business School)
Bputsis@lbs.ac.uk 44-171-262-5050

Subhash C. Ray (860) 486-3967
ray@uconnvm.uconn.edu

Richard Rogers (UMass) (413) 545-5741
rogers@resecon.umass.edu

Kathy Segerson (860) 486-4567
segerson@uconnvm.uconn.edu

Larraine Knight (Secretary) (860) 486-1927
lknight@canr.uconn.edu

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**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.

Email manuscript submissions to:
FMPC@CANR.UCONN.EDU

Articles appearing in Issues No. 3 and 4, 1999 are as follows:

**Agribusiness (15:3) Summer 1999**


“Price Discrimination in the International Grain Trade: The Case of Canadian Wheat Board Feed Barley Exports” by Harvey Brooks and Troy G. Schmitz.

“The Role of the WTO and the International Agencies in SPS Standard Setting” by Alan Swinbank.

“Analyzing Technical Trade Barriers in Agricultural Markets: Challenges and Priorities” by Donna Roberts.

“Impact of Sanitary and Phytosanitary Standards on Developing Countries and the Role of the SPS Agreement” by Spencer Henson and Rupert Loader.

“China’s Feed Grain Market: Development and Prospects” by Wei-Ming Tian and John Chudleigh.


BOOK REVIEW
by E. Wesley F. Peterson

*Pigs, Profits, and Rural Communities*, by Kendall M. Thu and E. Paul Durrenberger (Eds.)

_Agribusiness* (15:4) Autumn 1999

“Sources of Technological Development in the Spanish Food and Drink Industry. A ‘Supplier-Dominated’ Industry?” by Marian Garcia Martinez and Jim Burns.


SPECIAL SECTION: SYMPOSIUM ON COMMODITY PROMOTION RESEARCH

“Symposium on Commodity Promotion Research: Introductory Remarks” by Henry W. Kinnucan and John P. Nichols.

“The Science and Art of Promotion Evaluation” by George C. Davis.


“Explaining the Differences Between Two Previous Meat Generic Advertising Studies” by Nouhoun Coulibaly and B. Wade Brorsen.


“Commodity Checkoff Programs as Alternative Producer Investment Opportunities: The Case of the Soybeans” by Gary W. Williams.

BOOK REVIEW
by Richard L. Kilmer


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**General Announcements**

Erkan Rehber, Chairman of the Agricultural Economics Department at Uludag University, Bursa, Turkey, is visiting the Policy Center as a Fulbright Scholar.

Gunter Hitsch, Ph.D. candidate in economics, Yale University, continues his research at the Policy Center on new brand introductions in the RTE cereal industry.

Tat Yuen Chan, a Ph.D. candidate in economics at Yale University is coming to the Policy Center to conduct dissertation research on carbonated soft drinks.

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Food Marketing Policy Center Newsletter, University of Connecticut—November, 1999

Food Marketing Policy Center

Graduate Assistantships Available, Fall 2000

The Food Marketing Policy Center in the Department of Agricultural and Resource Economics has graduate assistantships available at either the M.S. or 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 two years at M.S. and four years Ph.D. level. 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.

Food Marketing Policy Center on the Web

Don't forget to check out our ever-expanding Policy Center Home Page at: http://www.are.uconn.edu/FMktc.html

The University of Connecticut, which is home to the Food Marketing Policy Center, has undergone upgrading changes to its network systems. As a result, the web page address for the Food Marketing Policy Center has been changed. Please make a note of the change and set your web browser bookmarks. Our web site contains an archive of newsletters, and an up to date publications list, which includes copies of recent Research Reports and Food Policy Issue Papers. These can be downloaded.

NE-165 Conference Announcements

The Food Marketing Policy Center and Regional Research Project NE-165 are involved in the organization of three conferences to be held in 2000. Descriptions of these conferences can be found at http://www.umass.edu/ne165/upcoming.html.

Registration information will be posted at the same site as it becomes available. The three conferences are:

THE AMERICAN CONSUMER IN THE CHANGING FOOD SYSTEM May 3-5, 2000, Washington, DC.

GLOBAL FOOD TRADE AND CONSUMER DEMAND FOR QUALITY June 26-27, 2000, Montreal, Canada.

VALUING THE HEALTH BENEFITS OF FOOD SAFETY September 13-14, 2000, University of Maryland.

Activity Report

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

Ron attended the AAEA meetings in August 1999 in Nashville, Tennessee and delivered a paper with Tirtha Dhar, presented a symposium, and participated in a free session.

Ron was an invited speaker at the conference titled, “Economic (DES)Equilibrium & Agribusiness” Federal University of Vicsosa, Brazil, October 19-21, 1999.

Ron was recently invited to join the Food Industry Committee, American Antitrust Institute, Washington, D.C. Their website is www.antitrustinstitute.org.
Ron is working on a slotting allowance case involving supermarkets and newspaper distribution in Maine.

Ron delivered an invited talk on scanner data research at the National Bureau of Economic Research, Industrial Organization conference, August 3, 1999 in Cambridge, MA.

Ron has been invited to do a commissioned paper titled, “Dynamic Explanations of Food Industry Organization and Performance” for the May 2000 conference at the USDA “The American Consumer in the Changing Food System.”

**Julie Caswell**  
*(Ag. Econ., University of Massachusetts)*

Julie participated in an Advanced Seminar on the Implementation and Economics of HACCP-Based Systems in the Fishery Industry organized by the United Nations, Food and Agriculture Organization held in Hirtshals, Denmark from August 23-28. She presented a seminar on economic approaches to the next phases of HACCP implementation, including evaluating its effectiveness, costs and benefits, and application to improving food safety within developing countries.


**Richard Chisik**  
*(Econ., University of Connecticut)*

Richard, a game theory and IO economist, is working with Kathy Segerson on the role of market based quality incentives as a substitute for regulation of food safety risks.

**Jeremy Foltz**  
*(Ag. Econ., University of Connecticut)*


He also had a viewpoints piece “Labeling of Biotechnology Products in Developing Countries” posted on the web site for Harvard University’s Biotechnology and Globalization conference.

Jeremy is continuing to pursue his research agenda on university ag-biotech patenting and licensing.

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

Rigo taught a course on “The Supply of Agricultural Products” at the Agronomic Institute for Mediterranean Studies (CIHEAM) in Zaragoza, Spain, October 5-15, 1999.

Rigo continued collaborating with Azzeddine Azzam (University of Nebraska) and Sanjib Bhuyan (Rutgers University) on market power vs. cost efficiency of industrial concentration in U.S. food manufacturing.

**Bruce Larson**  
*(Ag. Econ., University of Connecticut)*
Bruce attended the annual conference of the European Association of Environmental and Resource Economists in Oslo, Norway in June. He presented a paper on “Specific Environmental Regulations and Trade,” which will also be published in Land Economics during 2000.


He continues to provide guidance to researchers analyzing the impacts of environmental regulations on international competitiveness in Jordan, Egypt, Tunisia, Algeria, and Morocco.

Bruce was invited to act as a discussant and participant in a small meeting in October in DC organized by the Economic Research Service and the Farm Foundation on “Location Effects of Environmental Regulation: Implications for Agriculture.”

**Michael Lubatkin**  
*(Business, University of Connecticut)*

Michael is on leave this semester at Hebrew University, Tel Aviv.

**Avinash Mainkar**  
*(Business, James Madison University)*

Avinash has taken an assistant professorship at the School of Business, James Madison University. He is in the final stages of completing his Ph.D. dissertation titled, “Product Proliferation as Barriers to Entry: A Longitudinal Study in the Food Manufacturing Industry.” Michael Lubatkin is his major professor, and Ron Cotterill and William Schulze are committee members.

**Thomas Miceli**  
*(Econ., University of Connecticut)*

Tom’s specialty is law and economics. He is working with Kathy Segerson and John Antle on models of firm conduct to control food safety risks and the need for regulation.

**William Putsis**  
*(London Business School)*

Bill continues work on private label, national brand marketing and is currently revising articles for final submission.

**Subhash Ray**  
*(Econ., University of Connecticut)*

Subhash continues his work on efficiency frontier estimation with applications to promotions in the soft drink industry.

**Richard Rogers**  
*(Ag. Econ., University of Massachusetts)*

Richard is updating our food advertising data set with 1997 information on all brand and non-brand advertising by all food and tobacco companies/associations.

He and Dr. Geoff Allen of Resource Economics at UMass spent much of the summer assisting a small start-up cooperative to write a marketing and business plan to enter the cranberry industry as organic growersprocessors.

Richard and Dr. Daniel Lass, of Resource Economics at UMass have secured two grants. The first is on the State of Agriculture in Massachusetts that relies on the newly released 1997 Ag Census and the 1997 Economic Census, which is still not out in its
entirety. The second is a farmer survey in Massachusetts on alternative marketing channels.

Rich will write a commissioned paper on Concentration in Food Retailing and Manufacturing for the May 2000 Conference: The American Consumer in The Changing Food System, which required submitting specifications for a Special Census Tabulation of food manufacturers for 1992 and 1997. The 1997 data will not be available for the conference, but will include the new North American Industry Classification System, NAICS.

Richard received the 1998-1999 College Outstanding Advisor Award.

Kathy Segerson
(Econ., University of Connecticut)

Kathy is working with Richard Chisik, Tom Miceli and John Antle on models of firm conduct to control food safety risks and the need for public regulation.

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Data Corner

Recent acquisitions include:
Progressive Grocer’s Market Scope 1999, Mid-Year Update.


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.


Contact Andrew Franklin (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.are.uconn.edu/FMktc.html

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Recent Publications and Papers


Henson, Spencer J. and Julie A. Caswell. In Press.“Food Safety Regulation: An Overview of Contemporary Issues.” *Food Policy*.

Holm, David, Dan Lass, and Richard Rogers, “The Changing Landscape of Massachusetts Agriculture: Restructuring for the 21st
Century,” Massachusetts Benchmarks, University of Massachusetts, Winter 2000.


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