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 Editorial:

The Northeast Compact and Dairy Policy: What are the Issues?
by Ronald W. Cotterill

The Northeast Dairy Compact was defeated; however, a version of the program is in the Senate agriculture bill. The issues of regional equity, and fluid milk price elevation and stabilization, thus remain on the national agenda.

One fact that surfaced in our work on the Compact is that the Midwestern cooperatives were able to institute an over-order premium for fluid milk in the Chicago market that was essentially equal to the Compact’s premium in New England (Cotterill, Senate Testimony, p. 12, www.are.uconn.edu/fmktc.html). Thus private power in Chicago acted similarly to public power in New England. If the Compact had not been in action the average price for raw fluid milk in New England would have been the same as in Chicago. What are the economics that underlie this price equality? Are costs of production similar; or, do Midwestern cooperatives have and use market power more effectively than the less organized dairy cooperatives of the Northeast?

Another fact that deserves attention is the distribution of the over-order premiums over time in Chicago and New England. The Chicago cooperative premiums were roughly constant and uniform over time whereas the Compact premiums in New England enforced a price floor. Thus they kick in only where prices are low and stabilize raw fluid milk prices.
Other questions come to mind as well. What are the merits of public price stabilization programs as opposed to futures markets and their possible contribution to price stability? How does increasing concentration in dairy processing and retailing affect the pass through of changes in farm prices to consumers? Is public power in milk markets equally as suspect than private economic power of processors, retailers? On this point Representative James Sensenbrenner (R-Wis), Chairman of the House Judiciary Committee, has proposed holding hearings on the antitrust exemption for federal dairy policies. This is truly new territory for antitrust in food industry. In the 1970s the FTC attacked cooperative market power. Now the target is public regulation of markets. Lest one dismiss this as a quixotic Congressional probe, Timothy Muris, Chairman of the FTC, wants his agency to investigate the Noerr Pennington doctrine, i.e., the legal case law and rulings that exempt firms from antitrust oversight when complying with federal regulations such as agricultural policies. Is it possible that in the future we may well have the government suing itself for price fixing? I wonder if they will send the Secretary of Agriculture to jail? Anyone know a good institutional economist? We really need one.

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Visitors to the Center

In July, Danilo Aguiar, Professor of Agricultural Economics at the Federal University of Vicos, Brazil, visited the Center.

In December, Giovanni Galizzi, Professor of Agricultural Economics from Sacred Heart Catholic University, Piacenza, Italy, visited the Center.

Recent Placements

Carmen Liron-Espana, PhD. University of Connecticut 2001, is currently working as a utility analyst at the Department of Telecommunications and Energy of Massachusetts.

Position Announcement

University of Connecticut:
Assistant Professor in Residence: Applications are invited for a non-tenure track assistant professor...
position in the Department of Agricultural and Resource Economics (full time, 9-month). The appointment is 100 percent research in the department’s Food Marketing Policy Center, however some teaching may be possible. It is for two years with extension for one or more years depending upon performance and funding. The primary areas of specialization are applied industrial organization, and applied econometrics. A desired focus is empirical analysis of food industries, including company and brand level analysis of demand systems and competition. For more information go to www.are.uconn.edu/fmktc.html.

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**NE-165 Announcements**

NE-165 is happy to announce the publication of *Global Food Trade and Consumer Demand for Quality*, edited by Barry Kristoff, Mary Boham, and Julie Caswell. This edited volume is the result of an NE-165 co-sponsored conference held in 2000. It will be available by March from Kluwer Academic/Plenum Publishers.

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**AGRIBUSINESS: An International Journal** 

*Agribusiness*, and more than a dozen other economic journals, are now available online 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, 2001 are as follows:

**Agribusiness (17:3) Summer 2001**


“Does It Pay to Plan? Strategic Planning and Financial Performance” by Gregory A. Baker and Joel K. Leidecker.


“Determinants of Foreign Direct Investment in the Food Industry: The Case of Poland” by Peter Walkenhorst.


“A Note on Measuring Returns to Nonprice Export Promotion” by Henry W. Kinnucan and Oystein Myrland.

Book Review

by Ken D. Duft


**Agribusiness (17:4) Autumn 2001**


“Incorporating Family Interactions and Socioeconomic Variables into Family Production
Functions: The Case of Demand for Meats” by Amir Heiman, David R. Just, Bruce McWilliams, and David Zilberman.


“A Markov Chain Analysis of the Size of Hog Production Firms in the United States” by Jeffrey M. Gillespie and Joan R. Fulton.

Book Review
by Jeffrey S. Royer
Fast food nation: The dark side of the all-American meal, by Eric Schlosser.

Food Marketing Policy Center Graduate Assistantships Available, Fall 2002

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.

Activity Report

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


Ron attended the American Agricultural Economics Association meetings in Chicago. He was the organizer and a speaker at the symposium titled, “Vertical and Horizontal Arrangements of Fresh Produce Marketing.” He was also a discussant at the invited paper session, “Cooperatives and Membership Commitment,” August 2001.

Ron was one of four economists invited to discuss dairy compacts at a closed meeting for members of the House of Representatives that was organized and chaired by the Speaker of the House, Dennis Hastert. Washington, D.C., August 1, 2001.

Ron is serving as expert economist for the analysis of the impact of price fixing in vitamins. This work is for the vitamin manufacturers BASF, Aventis, Hofmann LaRoche, and Takeda.

Julie Caswell
(Ag. Econ. University of Massachusetts)

Julie has been appointed to the National Academy of Sciences Committee on The Implications of Dioxin in the Food Supply. The Committee will meet and write its report over the next year.
Drs. Ema Maldonado-Siman and Myriam Sagarnaga Villegas visited the Resource Economics Department at the University of Massachusetts during the week of September 10th. They work in the Food Safety Research Program at the Animal Science Department, Universidad Autonoma Chapingo, Mexico. They are developing a cooperative research program with Julie Caswell.

Julie Caswell presented a brown bag seminar titled *How Much of a Good Thing? Labeling of the Nutrition and Safety of Food Products* in the series of the Center for Public Policy and Administration, University of Massachusetts Amherst, September 2001.


Julie Caswell is serving as the chair of the Professional Activities and New Products Committee of the American Agricultural Economics Association.

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

Jeremy Foltz continues his work on university production of agricultural biotechnology patents. He is developing new work co-authored with Bradford Barham and Kwansoo Kim of the University of Wisconsin on the relationship between patents and scientific journal article production. Jeremy recently completed a study with his student, Li Tian, on the determinants of university plant patents and hopes to expand that work to include company owned plant patents and plant variety protections. Jeremy also continues a multi-state investigation of the returns to rBST adoption on farms.

Jeremy presented the paper “Agricultural Biotechnology Research at the University of Connecticut,” at the annual College of Agriculture and Natural Resources stakeholders meeting.

Jeremy presented the paper “What’s So Different About Agricultural Biotechnology: An Investigation of University Agricultural Patenting” at the International Conference on Agricultural Biotechnology Research, Ravello Italy, June 2001.


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

Nathalie Lavoie  
(Ag. Econ. University of Massachusetts)

Nathalie presented the results of her Ph.D. dissertation at the Canadian Wheat Board, in Winnipeg, MB, Canada on September 21, 2001. She also took this opportunity to meet with various grain industry officials to get an update on current domestic and international grains’ issues.

Nathalie gave a seminar entitled, “Price Discrimination in the Context of Vertical Differentiation: An Application to Canadian Wheat Exports” in the Department of Agribusiness and Agricultural Economics at the University of Manitoba, Winnipeg, MB, Canada on November 22, 2001.

Umass Master’s student, Andreea Rotaru, is working on a master thesis on price discrimination on the internet. Nathalie is chair of the committee.

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


Rigoberto is working with Ron Cotterill and Benaissa Chidmi (M.S. student) to investigate the impact of the Northeast Dairy Compact with a structural model of market power.

Rigoberto taught a two-week graduate course on “Supply of Agricultural Products” in Zaragoza, Spain at the CIHEAM (Institute for Advanced Agronomic Studies of the Mediterranean). Finally, he has been named an Associate Editor of the new, web-based Journal of Agri-Food Industrial Organization and Policy.

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

Richard’s student, David Holm, completed a Dissertation on, “Massachusetts Agriculture and Food Self-Sufficiency: An Analysis of Change from 1974 through 1997.” Contrary to national trends, the number of farms in Massachusetts increased from 1974 to 1997 while average farm size decreased. The top agricultural products group was fruits, nuts, and berries; second was nursery and greenhouse. Dairy sales, now the third highest group, maintained stable production levels, but the number of dairy farms declined. Massachusetts was a national leader in direct marketing, with highest direct market sales per farm. Trends posing concern included: continued loss of land on farms and cropland, older average age of farmers with fewer younger farmers, and escalating costs of farmland making new entry difficult.


The broiler industry continues to provide consumers with a wide variety of popular products at competitive prices. Product differentiation remains low compared to most processed food products, and firms have shifted emphasis to more value-added products. Consolidation continues with Tyson increasing its number one ranking in broilers and its aggregate presence by buying IBP last year.

Richard has added a new course to his teaching duties, “Intro Stats” for School of Management majors. This fall the course had 225 students and used the Personal Response System technology that allows students to answer questions during lectures with remote, handheld transmitters.
Richard was elected as an honorary member to the University of Massachusetts-Amherst chapter of the Golden Key International Honour Society in November. He also gave the keynote address to the 500 students and parents attending the induction ceremony.

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Data Corner

Recent acquisitions include:

Trade Dimensions 2002 Marketing Guidebook.


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 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


Cotterill, Ronald W. “University of Connecticut Research on Dairy Compacts and Fluid Milk Pricing: Executive Summaries, Fact Sheets, and Price Charts.” Submitted to the House of Representatives Meeting on Milk Pricing,


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