Food Marketing Policy Center

Dairy Policy for New England:
Options at the State and Regional Level

by Ronald W. Cotterill

Food Marketing Policy Center
Research Report No. 76
2002

Research Report Series

http://www.fmpc.uconn.edu

University of Connecticut
Department of Agricultural and Resource Economics

Dairy Policy for New England: Options at the State and Regional Level

by Ronald W. Cotterill

Food Marketing Policy Center
Research Report No. 76
2002

Department of Agricultural and Resource Economics
University of Connecticut

Contents

Acknowledgement

Affiliation

Ronald W. Cotterill is Professor of Agricultural and Resource Economics and Director of the Food Marketing Policy Center, University of Connecticut, Storrs, CT 06268 (Ronald.Cotterill@uconn.edu, 860- 486-2742).

Preface

Key words: organic agriculture, organic certification standards, organic labeling, organic market

1. Introduction

I want to thank you for allowing me to speak to you today on an economic issue that is of great importance to citizens of the State of Connecticut and New England. That issue is the retail and farm prices of milk and the lack of competition in the milk marketing channel. I have economic expertise in the organization of food industries, their pricing practices and related public policies. Over the past 25 years I have published several studies on the dairy industry and other food industries.[1]

The Connecticut, Massachusetts and New Hampshire legislatures have bills before them that seek to limit price gouging by processors and retailers. This paper will expand upon our prior analysis of possible milk price laws (Cotterill and Rabinowitz 2002). In that earlier piece we described the proposed Connecticut and Massachusetts fair pricing legislation as consumer oriented with few direct benefits to farmers, however, that description was in comparison to our second proposed plan. Here we analyze the proposed fair pricing legislation in great detail and find that its implementation will benefit farmers as well as consumers. In fact, our primary conclusion is that the proposed fair pricing legislation will most likely benefit farmers more than consumers. Given that the primary cause of the wide retail- farm price spread is a steep drop in farm milk price, this is perhaps appropriate..

There are many reasons why farm milk prices are low at this time. Dairy farming and raw milk markets are very complex and the policies that affect them are even more complex. At the outset let us clearly identify the part of the dairy pricing problem that we address. Our approach is a market channel approach that focuses on the pricing of milk at the farm gate, wholesale and retail levels.

As we document below the New England dairy marketing channel is no longer competitively structured. Consequently farm and retail prices are not competitive prices. This deviation from competition damages economic efficiency. Resources are not allocated to production in a fashion that gives society the most for its fixed bundle of resources. Deviation from competition also transfers income from farmers and consumers to the processors and retailers that have market power, i.e. the power to set prices in their favor. For these economic reasons there is a need to implement the proposed fair pricing law, or some other policy, to redress the lack of competition. The proposed law restructures incentives so that processors and retailers behave more like competitive firms.

This testimony explains the current milk pricing situation, the proposed law's impact, and the relationship between the proposed law and federal dairy policies, including a dairy Compact and the current fluid milk price subsidy, the milk income loss contract. Finally, we discuss how to proceed with development of the proposed fair pricing law.

II. The Documented Premise: Fluid Milk Processors and Supermarket Retailers in New England have Market Power and Use it to Capture More than their Fair (i.e. Competitive) Share of Channel Income and Wealth from Farmers and Consumers.

Please see Cotterill et al. (2002), Cotterill (2002) and Cotterill and Rabinowitz (2002) for a detailed discussion of this point. Also see Cotterill (2003) for a more extended discussion of public policy in a global economy that explicitly discusses the Dairy Compact movement and current New England milk pricing as an example of how agribusiness corporations play to win in the legislative and judicial arena. Here we will only note that recent research and legal proceedings on milk prices in southern New England document that consumers currently pay approximately \$3 per gallon while farmers receive approximately \$1 per gallon.[2] The costs of processing and retailing milk including a competitive profit are approximately 1 dollar so there is an additional dollar in excess profits. Our survey

---

[1] That work includes two of the original and now classic research pieces in economics on the relationship between the concentration of sellers in a market and the market's price level (Marion et al. 1977, Cotterill 1986, Weiss 1989).
I have served as expert economist on several milk price antitrust cases and testified before the U.S. Congress on the Northeast Dairy Compact, milk prices, cheese prices, mergers, and rural development. My antitrust work includes analysis of over-order pricing, and several mergers related to milk pricing in New England, including the 1996 Stop and Shop Royal Ahold/Edwards merger and the 2001 Suiza/Stop and Shop long term strategic alliance for milk processing and distribution. I have also conducted extensive research on the Northeast Dairy Compact. My Curriculum Vita is attached.

[2] This testimony will not focus on numbers. It focuses on ideas. For precise numbers see the cited papers.

research documents this (Cotterill et. al. 2002). The recent Midland Farms case moreover documents that milk sold "at cost" in a limited assortment store can be priced as low as $1.54 per gallon for skim and $1.84 per gallon for whole milk (Mohl 2003). Retail prices in supermarkets are far above these costs. *Supermarket News*, a leading weekly food industry newspaper, recently carried a story on noncompetitive milk pricing in New England and other parts of the country (Vosburgh 2003). It is provided here as Attachment G.

III. The Policy Option: Connecticut Attorney General Blumenthal's Proposed Fair Pricing of Milk Law, the Massachusetts Secretary of the Commonwealth Proposed Price Gouging Law, and a Similar New Hampshire Bill

Copies of the Connecticut, Massachusetts, and New Hampshire bills are provided as Attachment B, C and D. A newspaper article, provided as Attachment F, describes the movement in Maine for a direct payment to farmers. The proposed Connecticut and Massachusetts laws are quite similar. The New Hampshire bill was quickly drafted and will most likely be amended to follow the lead of Connecticut and Massachusetts. We support convergence among the three state bills so that the resulting laws would give uniform treatment to the New England milk industry outside of Maine. Also the resulting law could then be jointly enforced. Here we will discuss only the Massachusetts and Connecticut approaches.

The Massachusetts bill triggers investigation of milk pricing when the retail price is 200% (twice) of the price paid farmers. The Connecticut bill triggers investigation in a more detailed stage specific manner. If the wholesale price charged to a retailer by a processor is 40% above the price paid farmers, investigation of the processor follows. If the retail prices is 40% above the wholesale price paid the processor, investigation of the retailer follows. The combined impact of these two rules is 1.4 x 1.4 = 1.96, i.e. 196%. Thus the Connecticut bill effectively incorporates the Massachusetts 200% retail mark-up ceiling but it will, if anything, trigger more investigations. This is the case because a processor or retailer could conceivably violate the 40% rule without the total retail impact breaking the 196 or 200% rule.

Both the Connecticut and Massachusetts bills have one very important feature that distinguishes them from the New York law (Attachment E). The New York retail price ceiling that triggers investigation is 200 percent of the federal milk market order's minimum price whereas the Connecticut and Massachusetts bills operate off of "the price actually paid to the producer (CT)" and the farm price for Class I fluid milk (MA)."

The New York price gouging law was passed as a safeguard for consumers when the legislative passed a law that gave the Commissioner of Agriculture emergency over-order pricing authority. Any state mandated or cooperative bargaining over-order premium, or any other factor that raises retail prices to levels that are twice the federal order minimum price triggers investigation. Thus the New York price gouging law limits the scope of cooperatives and state activity to implement over-order premiums.[3] It is exclusively oriented towards protecting consumers from price gouging.

The proposed Connecticut and Massachusetts laws do not limit the ability of farmer-oriented groups to charge over-order premiums. In fact the opposite is the case. If the federal order class 1 minimum price drops to very low levels, such as the level it has been at since late 2001, then processors and retailers have an incentive under the proposed laws to pay farmers an over-order premium so that the price paid farmers goes up. This allows the processor and retailer wider margins to cover costs, i.e. higher prices that do not trigger investigation.

To understand how the proposed law works, consider an example under the Massachusetts bill's 200% rule. With retail milk at $3 per gallon and farm price at $1 gallon, under the 200% Massachusetts approach the processor and retailers have options. They can cut retail prices to $2.00 per gallon or they can increase farm prices via premiums to $1.50 per gallon. **Note that there is a built in bias towards working with farmers. Channel firms keep $1.50 margin when they pay over-order premiums to farmers but they keep only $1 when they cut the retail price. Conduct under the proposed law will, if anything, be more beneficial to farmers than consumers.**

In an earlier paper (Cotterill 2002) we stressed that the current price gouging hurts farmers as much or more than consumers. As the facts and figures cited in this testimony document the current gap between farm and retail price is due to farm prices being far below the cost of production. If farm milk prices stay at current levels, around $12

[3] See S 396-rr Section 2 of the New York Price Gouge Law provided here as Attachment E.

dollars per hundred weight, virtually no New England dairy farms can survive. Consequently, a law that gets farm prices up rather than closing the gap by cutting consumer prices is most appropriate for the long run health of the industry. New England's dairy farms survive and New England's dairy processors benefit from a nearby supply of milk.

Now let us examine the proposed Connecticut law's independent targeting of processors and retailers. Processors are open to investigation if the price that they charge retailers is higher than 140% of the price paid farmers. Again as farm price drops processors have an incentive to mitigate that price drop by paying farmers an over-order premium. For example, if a processor wants to earn 60 cents per gallon to process and deliver milk to retailers, then the price they need to pay farmers to comply with this proposed law is .60/.4 = $1.50 per gallon. This is equivalent to $17.40 per hundredweight. Processors would pay an over-order premium to bring a lower farm price up to this level. Alternatively, processors could cut the wholesale price until it is 140% of the farm price, but this makes a deeper cut into their margin and thus is not as profitable.

The same logic holds for retailers. The 140% rule is applied to the wholesale price. To come into compliance with the law they would prefer to elevate wholesale price rather than cut retail price. If this creates a compliance problem for the processor, that firm would in turn pass the increased wholesale price back to the farmer via an increased over-order premium.

Are the 140% rates in the proposed Connecticut law appropriate? The answer is critical to the performance of the law and thus needs to be set either by the legislature or a designated commission. The answer also depends on the target dollar margin that processors and retailers are able to capture from the marketplace. We think that the target margin for processors is around 60 cents per gallon. Thus, a 140% markup rule would give them an incentive to pay an over-order premium to raise the farm price to $1.50 per gallon ($17.40 per cwt.).

At retail, the 140% markup rule is too high. It gives retailers a 28.6% gross margin on milk. The average margin for all products in a typical supermarket is around 25%, and milk is one of the highest turnover items in the store. This means that milk can be as profitable in the store with a gross margin below 25%. Historically, milk has had one of the lowest gross margins. At the other extreme, a product like black pepper, a slow mover, has had one of the highest margins. For this reason, we think a more appropriate markup rule at retail is 130%. It gives a gross margin of 23%.

With a 140% rule at processing, one obtains a $2.10 wholesale milk price. Marking this up 130% gives a retail price at $2.73 per gallon. In summary, farmers receive over-order premiums that raise the raw fluid milk price to $1.50 per gallon ($17.40 per cwt.) and consumers see a price cut from $3.00 per gallon to $2.73. Both farmers and consumers benefit given the current pricing situation in Southern New England.

We would stress that this redistribution to farmers occurs only when the raw fluid milk price drops below $1.50 per gallon ($17.40 per cwt.). At higher raw fluid prices, the law would not be needed to return the 60 cent target margin to processors.

The proposed law induces this farm premium generating behavior only when the retailer and processor are pricing above their costs. If the wholesale and retail prices are not sufficient to cover their respective costs the Connecticut law gives them an out in Section 2b. This means that the proposed law will never cause a processor or retailer to lose money.[4]

Processors and retailers clearly have an incentive to raise farm price when they change prices to comply with the law. What if they go too far and, with farmers in tow, raise retail prices to even higher levels at the expense of consumers? If this law is passed with its increased scrutiny of milk pricing we question whether processors and retailers would embark on such a price path. If they do they invite even tougher regulation.

Another possible outcome suggests that both farmers and consumers will benefit. The key prices are the farm and retail price. Processors can be sure that they comply with the law if they pay farmers premiums and retailers can be sure that they comply with the law by cutting retail prices. Under these actions, neither has to rely on the other to transmit a price change to farmers (the retailer's wholesale price increase scenario) or to consumers (the processor's wholesale price cut scenario).

[4] They may nonetheless lose money for other reasons. The proposed law guarantees no one a profit, nor does it prevent them from making a profit.

The bottom line here is that the Commissioner of Agriculture or a designated commission must monitor actual performance of the channel firms, over-order premiums, and consumer price changes when raw milk prices drop to levels low enough to make these laws binding.

Note that the Connecticut approach allows the Commissioner to investigate processors directly. The Massachusetts approach focuses upon the retailer and may not influence processor pricing. If this is indeed the case then the processor has no incentive to pay premiums to farmers and no incentives to limit wholesale prices. The Connecticut approach seems preferable.

Second note that these proposed laws do not dictate price to processors and retailers. Firms are not regulated like a public utility. The linking of retail and farm price by a percent markup rule only changes the constraints within which firms set prices to earn profits.

IV. An Explanation of the Proposed Fair Pairing Law fits with Federal Dairy Policy and the Compact Movement

The proposed fair pricing law is different than the federal dairy policies and the proposed renewal of the Compact. The Committee should not conclude that federal policies will solve the New England dairy problem; therefore there is no need for the fair pricing approach. That simply is not true for many reasons. Certainly, federal dairy policy is not solving New England's problems today.

This New England fair pricing approach can address New England's dairy problems without federal assistance.[5] It can do so because it eliminates the free rider problem in farmer bargaining. Cooperative bargaining with processors (and retailers) has always been difficult. Paying over-order premiums reduces their profits therefore they switch to a farmer that is not in the bargaining cooperative. This defeats the over-order premium effort. The same free rider problem exists when an over-order premium is imposed by one state but not others in the milk shed -- a move that Vermont is currently contemplating. Processors look elsewhere for milk.

The structure of the fair pricing approach generates premiums for farmers because processors and retailers under the law's constraint want to pay them. Under the law's constraint it is the most profitable way to comply with the law. The proposed law "kills two birds with one stone". It constrains channel market power when farm prices are low and it eliminates the free rider problem that has always made it difficult to collect over-order premiums.

Note that one state can enact the proposed law without others following suit. This is not true for farmer cooperative or state bargaining for over order-premiums. Because of the free rider problem one must have the entire milkshed in the bargaining unit. . However, for the proposed policy to have its most complete impact on farmers all New England states, possibly except Maine, should adopt it. This is because the large plants that the processors operate supply milk to several states in the region.

For example, if only Connecticut adopted the proposed law and the Dean Foods/Garelick plant in Franklin, MA complies by paying farmers premiums for milk sold in CT; it is only a small fraction of the milk processed in the plant. That added money would be paid out to all farmers who supplied milk to the plant so it would be diluted. If all states where the plant's milk is sold have similar fair pricing laws, then there would be no dilution of the over-order premium.

Permit us to now summarize how the federal dairy policies work, how a compact works, and how the fair pricing approach relates to that constellation of complexity. Raw milk markets for fluid consumption are local or regional but the raw milk market for cheese and butter is national. There are two types of federal milk policies. First one has the support price policy for milk used to manufacture cheese and butter. When supply of milk is long, as it is now, the USDA buys these commodities or nonfat dry milk to keep the price paid farmers for raw milk at around $9.90 per hundred lbs. of milk. When the nationwide supply of milk is short the manufacturing price moves above $9.90.

The second federal policy is the federal milk market order system. It sets minimum prices for raw milk used for fluid bottling purposes in several regions such as the Northeast. The fluid minimum prices are set by adding a fixed

[5] We also think that this approach will not raise interstate commerce clause problems and that it does not require federal approval like a Compact; however, we defer to legal expertise. The New York law has raised no such objections.

dollar amount set by Congress for each area to the national price for manufacturing milk.[6] So if milk is short and the manufacturing milk price moves up from $9.90 the fluid minimum prices in each federal order also move up. If milk is long and manufacturing milk price is bumping along near the support price, federal minimum fluid prices are also low in regional fluid markets.

In an attempt to have a more "market driven" milk economy, the entire federal order system has been ratcheted down.[7] The support price for manufacturing milk in 1978 was $9.87 per hundredweight (Groves, 2003). In 25 years, the support price in nominal dollars has risen only 3 cents! In real terms it obviously has plummeted. Clearly, farmers have been forced to get much more efficient in their production practices and these efficiencies have been ruthlessly passed forward to others in the market channel.[8]

The federal class I prices have also narrowed relative to the manufacturing milk price, and one now stresses that they are <u>minimum</u> fluid prices. If one has a strong bargaining cooperative in a fluid market, i.e. one that represents nearly all of the farmers in the milkshed, they can and often do bargain for over-order premiums that raise the fluid price for raw milk. For an interesting example of over-order pricing see Cotterill (2001). It explains how over-order pricing in Chicago resulted in prices equal to those paid farmers in Boston. The 1997-2001 Dairy Compact's price elevation simply restored the price difference that Congress mandated between Boston and Chicago. We will have more to say on this below. Today, Midwestern farmers are receiving higher prices than Northeast farmers because they are collecting over-order premiums that are so high that they more than offset the fluid differential between the two regions. This is truly perverse. Milk produced in the East, near dense urban populations, should be more valuable than milk produced in the rural upper Midwest.

We state the most important fact again. In this federal milk pricing system the federal order minimum fluid milk prices that farmers in New England receive are not driven or influenced by the cost of producing milk in New England. The federal minimums are driven by supply and demand in the national manufacturing milk market.

Now lets look at how the national manufacturing milk market behaves. The milk factories in the west with over a thousand cows per operation, and as many as 14,000 cows per operation, operate with subsidized water for the production of irrigated alfalfa. They can produce milk for several dollars per hundredweight less than a New England farm.[9] As we speak, Western dairies are expanding milk production while New England farmers are going out of business. The national manufacturing price and the corresponding federal order minimum fluid price tend to be lower than what a New England farm can tolerate, even with the modest predicted price recovery next fall to a $13 manufacturing milk price (Cropp 2003). This condition will tend to persist in the future.

The solution in the past was to raise prices received in New England by setting a much higher federal minimum price for fluid (bottled) milk in New England. Yet, in October 2002, the most recent month with data, the national manufacturing milk price was $10.15 per cwt. and the federal minimum fluid price at Boston was $13.40 (USDA

---

[6] The truly curious and intrepid can go to federal market order one website to see first hand how this is done for the Northeast. It is www.fmmone.com.

[7] Some such as Ronald Knutson, professor emeritus at Texas A&M, and eminence gris of milk marketing economists, argue that it needs to be ratcheted even lower to "solve" our diary problems (Cheese Reporter, 2003).

[8] Elsewhere I have described the situation as follows: Rural America is decimated in the name of efficiency (Egan 2002). Factory farms and huge plants owned by multinationals in very concentrated processing markets, operations that often generate substantial environmental and social externalities, are replacing family farms and open competitive marketing channels. … Purveyors of the Washington consensus, a 19th century free market approach, claim to seek consumer benefit. Yet they would get it by <u>lowering</u> farm market prices rather than by eliminating the <u>increase</u> in market channel profits that comes with concentration and market power. This choice validates the right of channel firms to ever increasing profits at the expense of the farmer. The farmers' only counsel is to get more efficient. The cynical core of this reasoning is the often-forwarded claim that the increased profits of market channel firms are evidence of <u>their</u> efficiency. Why are those profits not destroyed by competition that passes them on to consumers? Would that farmers could show their efficiency by capturing profits from the system. Power and the lack of power are the reality today. (Cotterill 2003 p.23).

[9] See the cost of production studies in Attachment I. Large western farms with over 1000 cows can make profits at current prices ($11-12). We also provide a cost of production study for Maine, by Professor Timothy Dalton, University of Maine. Midsized Maine farms (95 cows) need at least $15.59 per hundredweight to cover their short run operating and overhead expenses, and need $21.56 to cover all costs. Large farms (200 cows) need $13.12 and $17.58 respectively.. Costs in other New England states are similar.

2002a). The blend price, i.e. the average proceeds from selling some manufacturing milk and some fluid milk in New England are higher than the manufacturing milk price, but nowhere near high enough to keep dairy farming profitable in New England (See Attachment I). For comparison the federal minimum fluid price set by Congress in October 2002, for the upper Midwest (Chicago and Minneapolis), was much lower, $11.95 so their blend price is also lower (USDA 2002b). This especially true because much more of their milk goes for cheese and butter at the $10.15 per cwt. price.

Blend prices are no longer the final arbiter of farm level prices. In recent times, the new “market driven” federal order milk pricing system has let other forces i.e. over-order premiums determine; the relative fortunes of farmers in different regions of the country. The mailbox farm price is defined as the actual price that farmers receive for their milk. It adds over-order premiums, quality premiums, and deductions for hauling and other services to the blend price. The mailbox price can be above the federal order blend price if premiums are substantial.

Adding woe to misery mailbox prices are not providing Northeast farmers relief. For example in October 2002, the most recent month for which we have data, the mailbox farm price in the Northeast was lower than it was in many other parts of the nation, including the upper Midwest! In the Northeast it was $11.74 per hundredweight, while in Minnesota it was $12.18 per hundredweight, and in Wisconsin it was $12.38 per hundredweight. A map of all mailbox prices for the total U.S. is provided as Attachment H.[10] New England dairy farmers are disadvantaged because over-order premiums are higher in the Midwest and elsewhere. What gives? As we explained in Cotterill (2002), processor and retailer market power limits the abilities of Northeast farmers and their cooperatives to secure over-order premiums. Ergo the need for the proposed fair pricing law, a new compact, or continued and much higher subsidies for New England. Agrimark economist, Robert Wellington, has called the current federal subsidy program a “safety net on a concrete floor” (See Attachment F).

Note that federal order fluid pricing and Compact pricing use public power, i.e. law, to set fluid milk price minimums. The state laws proposed here are no more intrusive than the federal market order laws. In fact channel firms have a choice. They can comply by documenting that their costs justify high prices (extremely unlikely in the current situation). Alternatively, they can comply by paying premiums to farmers or by cutting their output prices. The fair pricing approach is not public utility regulation such as the legislature does for electricity.

Finally, consider the milk income loss contract subsidy program. When it was clear that the Compact was not to be renewed, New England congressmen allied with upper Midwest congressmen to create this program. In effect, it provides a level of income support equivalent to the old New England dairy Compact to dairy farmers nationwide, but only on annual production up to 2.4 million pounds of milk. Larger farm production units are only covered for this amount of milk. The program was budgeted for approximately $2 billion in subsidies, however expenditures to date are far beyond that. The lack of any supply control (and this income transfer which retards exit) contributes to low farm milk prices. Given current budget deficit concerns, this program may be vulnerable. Will supply control be reinstated to raise milk prices? Will a Compact replace it without supply control? Concerning the proposed fair pricing, as long as the farm-retail price spread violates the law, one would have payment of over-order premiums. This would occur even if farmers received subsidies, because the law as written drives off the market price processors pay farmers.

V. How to Proceed

Clearly work needs to be done to refine the fair pricing concept. It is an entirely new approach to milk policy, perhaps the first truly new milk policy idea in 75 years. The next steps for developing this legislation should include the following. First, the Attorneys General of Connecticut, Massachusetts and other New England states have assembled confidential information from processors and retailers to investigate for antitrust violations including price fixing. It includes retail prices, wholesale prices, costs of processing and retailing, and gross and net margins. The Vermont Department of Agriculture is compiling similar information for Vermont. This information might be used to calibrate the law and gain additional insights into how it would work.

---

[10] Go to our website http://www.are.uconn.edu/FMKTC.html and click on “Milk Price Gouging”, “Other Related Items”, and “*Hoard’s Dairyman* Current Mailbox Milk Prices” to see a color coded map of the U.S. that gives the most current farm level milk prices for different regions. It is updated periodically.

There is a second more inclusive task. The administration of the law: There are many details to be worked out. Does the legislature want to set rates, or would it establish a commission, possibly in conjunction with other New England states to collect information from the industry on a regular basis and set rates to achieve target performance levels? For example, this program might be targeted towards establishing a minimum fluid pay price for farmers. Does this legislature want to set a target fluid pay price for farmers? The commission could also monitor impacts on consumers so that excessive margin widening conduct, such as that that occurred during the 1997-2001 Compact era (Cotterill and Dhar 2003,Cotterill 2001), and the post-Compact 2001-2003 era (Cotterill, 2002) does not occur.

The proposed law also needs to involve interregional cooperation to ensure uniform treatment of firms that span state borders. In fact development of the law needs interregional cooperation.

We close with a recent statement by Steve Kerr, the Vermont Commissioner of Agriculture who recently said, “We’re hungry for ideas.” The single best answer to this problem (of failing farms) is a better price for milk, but the state isn’t in a position to do that." Ladies and gentleman, Connecticut and other New England states are in a position to raise farm milk prices from their current low levels. The proposed fair pricing law is one way to do it. One thing is clear, if New England citizens want to retain the few dairy farms that are left, the pricing of milk has to change. And we are not talking about price recovery next fall. Milk pricing practices and institutions have to change.

Thank you for hearing me out on this important piece of legislation.

References

Cheese Reporter. 2003. Federal Orders, Dairy Farmer Safety Net Seen Needing More Market Orientation. *Cheese Reporter* 127(28).

*Cotterill, Ronald W. and Tirtha Dhar. 2003. *Oligopoly Pricing with Differentiated Products: The Boston Fluid Milk Market Channel*. Food Marketing Policy Center, University of Connecticut, Storrs, CT.

*Cotterill, Ronald W. 2003. *Perspectives on Global Concentration and Public Policy*. Paper presented at the Global Markets for High-Value Food Workshop, United States Department of Agriculture, Washington, D.C, February 14.

*Cotterill, Ronald W. 2002. *A Fair Share Law for Connecticut and Other Northeast Dairy States: A State Level Solution to Retail Milk Price Gouging and the Dairy Farm Crisis*. Food Marketing Policy Center Issue Paper No. 29, University of Connecticut, Storrs, CT, December.

*Cotterill, Ronald W. and Adam N. Rabinowitz. 2002. *Analysis of Two Related Milk Price Approaches to Address the Noncompetitive Pricing Problem in the Milk Industry: The 40-40 Consumer Approach and the Farmer and Consumer Fair Share Approach*. Food Marketing Policy Center Issue Paper No. 30, University of Connecticut, Storrs, CT, December.

*Cotterill, Ronald W., Adam N. Rabinowitz, and Li Tian. 2002. *Milk Prices in New England and Neighboring Areas of New York: A Prologue to Action*. Food Marketing Policy Center Research Report No. 73, University of Connecticut, Storrs, CT.

*Cotterill, Ronald W. 2001. *Testimony on the Impact of the Northeast Dairy Compact and Market Channel Pricing Strategies on the Performance of the New England Dairy Industry*. Food Marketing Policy Center Issue Paper No. 24, University of Connecticut, Storrs, CT.

Cotterill, Ronald W. 1986. Market Power in the Retail Food Industry: Evidence from Vermont. *Review of Economics and Statistics* Vol. LXVIII, No. 3:379-386.

Cropp, Bob. 2003. Dairy Situation & Outlook. *Cheese Reporter* 127(28).

*Egan, Timothy. 2002. Pastoral Poverty: The Seeds of Decline. *The New York Times*. December 8.

Groves, Dick. 2003. Editorial Comment. *Cheese Reporter* 127(28).

*Johnson, Sally W. 2003. State Plans Aid to Farms. *The Barre Montpelier Times Argus*. February 12.

Marion, Bruce, W. Mueller, R. W. Cotterill, F. Geithman, and J. Schmelzer. 1979. *The Food Retailing Industry: Market Structure, Profits and Prices.* New York: Praeger Publishers.

*Mohl, Bruce. 2003. Dairy to Raise Milk Price. *Boston Globe*. January 9.

USDA. 2002a. Federal Milk Order No. 1, Northeast Marketing Area, Monthly Statistical Report. Boston, MA, October. Online: www.fmmone.com.

USDA. 2002b. Upper Midwest Marketing Area, Federal Order No. 30, Advanced Announcement of Class Prices and Related Data. Minneapolis, MN, October. Online: www.fmma30.com

*Vosburgh, Robert. 2003. Spill It; An Outpouring of Support for Milk-Price Ceilings from Consumers and Lawmakers has Retailers on the Defensive. *Supermarket News*. February 10.

Weiss, Leonard W., ed. 1989. *Concentration and Price.* Cambridge, Massachusetts: The MIT Press.

*These references are available from our website http://www.are.uconn.edu/FMktC.html
Click on “Milk Price Gouging” where you will find these and many other documents on this subject

Attachment A: Curriculum Vita of Ronald W. Cotterill

February 2003

CURRICULUM VITA

NAME:	Ronald W. Cotterill
CURRENT POSITION:	Director of Food Marketing Policy Center Professor of Agricultural Economics, University of Connecticut.
BUSINESS ADDRESS:	1376 Storrs Road Unit 4021, University of Connecticut Storrs, Connecticut 06269-4021
BUSINESS PHONE:	(860) 486-2742 FAX (860) 486-2461
EMAILS:	Ronald.Cotterill@uconn.edu RWCECON@EARTHLINK.NET
WEBSITES:	Personal Web Page: http://www.sp.uconn.edu/~cotteril/ FMPC: http://www.are.uconn.edu/fmktc.html
HOME ADDRESS:	412 Browns Road Storrs, Connecticut 06268 (860) 423-1950
BIRTHDATE:	April 5, 1948

ACADEMIC BACKGROUND

Visiting Scholar, School of Management	Yale University 1997
Joint Ph.D. in Economics and Agricultural Economics	University of Wisconsin, 1977
M.A., Economics	University of Wisconsin, 1976
M.S., Agricultural Economics	University of Wisconsin, 1974
George C. Marshall Fellow (Economics)	University of Copenhagen, 1971-72
B.S., With Honors and Distinction, Agricultural Economics	Cornell University, 1970

AREAS OF SPECIALIZATION

Economics Major Field: Industrial Organization
Agricultural Economics Major Field: Marketing
Economics Minor Field: Quantitative Methods
Agricultural Economics Minor Field: Public Finance

ADMINISTRATIVE ASSIGNMENTS/EDITORIAL DUTIES

Editor, *Agribusiness* 1998 to present. http://www.interscience.wiley.com/jpages/0742-4477

Editor, NE-165 Working Paper Series, 1986 to present.

Editorial Board Member, *Journal of Supply Chain Management*, 1996 to present.

Director, Food Marketing Policy Center at the University of Connecticut: 1988 to present.

Executive Director, 1986 to present, NE-165 Private Strategies, Public Policies, and Food System Performance, an international research consortium (regional research project with participants from over 35 universities in U.S., Canada, UK, France, Italy, Turkey, Australia, Japan, USDA, FDA, EPA, GAO, and Agriculture Canada.

Chairman, NE-165 Private Strategies, Public Policies, and Food System Performance of the U. S. Food System, 1986 to 1989.

Director, Michigan State University Program for Consumer Food Cooperatives: 1981

SELECTED PUBLICATIONS

Books and Research Monographs

Cotterill, Ronald W. and Andrew W. Franklin. *The Public Interest and Private Economic Power: A Case Study of the Northeast Dairy Compact.* University of Connecticut, Food Marketing Policy Center Research Monograph No. 1, May 2, 2001.

Cotterill, Ronald W., guest editor, *Agribusiness*, "Special Issue: Proceedings of the June 1995 Conference on the Future Directions of the World Food System, held in Reading, England" Vol. 13, No. 2, New York: John Wiley, May/April 1997.

Caswell, Julie and Ronald W. Cotterill, eds. *Strategy and Policy in the Food System*, Storrs: Food Marketing Policy Center, Conference Proceedings, Washington, D.C., June 1996.

Franklin, Andrew W. and Ronald W. Cotterill. *Pricing and Market Strategies in the National Branded Cheese Industry.* Food Marketing Policy Center Research Report No. 26. University of Connecticut. September 1994, 94 pgs.

Cotterill, Ronald W. ed., *Competitive Strategy Analysis for Agricultural Marketing Cooperatives.* Westview Press: Boulder. 1994, 231 pgs.

Cotterill, Ronald W. ed. *Competitive Strategy Analysis in the Food System*, Westview Press: Boulder, 1993, 388 pgs.

Cotterill, Ronald W. and Don Pinkerton. *Changing Connecticut's Dairy Regulations: Implications for Performance in the Northeast Dairy Industry*, Food Marketing Policy Center Research Report No. 6, Sept. 1989, 59 pgs.

Cotterill, Ronald. *Agricultural Cooperatives: A Unified Theory of Pricing, Finance and Investment*, research monograph in *Cooperative Theory: New Approaches*, ACS Service Report No. 18, Agricultural Cooperative Service, USDA, 1987, p. 171-258.

Cotterill, Ronald, *Effects of Electronic Information Technology on Employment and Economic Performance in the Food Manufacturing and Food Distribution Industries*, Research Monograph in fulfillment of Office of Technology Assessment Contract No. 533-0635 U. S. Congress, 1985, 146 pgs.

Cotterill, Ronald. *The Food Retailing Industry in Arkansas: A Study of Price and Service Levels*, A report to the Attorney General, State of Arkansas, January 5, 1983, 126 pgs. plus appendices.

Cotterill, Ronald, ed. *Consumer Food Cooperatives*, Interstate Publisher, Danville, Illinois, 1982.

Marion, B., W, Mueller, R. Cotterill, F. Geithman, and J. Schmelzer, *The Food Retailing Industry: Market Structure, Profits and Prices*, Praeger Publishers, New York, 1979.

Mueller, W., G. Marion, R. Cotterill, F. Geithman, and J. Schmelzer, *The Profit and Price Performance of Leading Food Chains*, 1970-1974, U.S.Government Printing Office, Washington, D. C. April 1977.

Journal Articles

Kim, Donghun, and Ronald W. Cotterill. "Market Structure, Price Pass-Through and Welfare with Differentiated Products." (Submitted to *Journal of Industrial Economics* on January 2003).

Chidmi, Benaissa, Rigoberto A. Lopez, and Ronald W. Cotterill. "The Northeast Dairy Compact and Retail Market Power in Boston." (Submitted to *Agricultural Resource and Economics Review* on November 2002.)

Cotterill, Ronald W. and Lawrence E. Haller. "Theoretical Models of the Relationship Between Market Share and Price in Homogenous and Differentiated Product Markets." (Submitted to the *Journal of Agricultural and Food Industrial Organization* on September 23, 2002.)

Cotterill, Ronald W. and Tirtha P. Dhar. "Price Transmission in Differentiated Product Market Channels: A Study of the Boston Fluid Milk Market and the North East Dairy Compact." (Submitted to *Managerial and Decision Economics* on September 3, 2002.)

Cotterill, Ronald W. "The Impact of the Northeast Dairy Compact on New England Consumers: A Report from the Milk Policy Wars." (Submitted to *Agribusiness: An International Journal,* September 2002.)

Dhar, Tirtha P., Jean-Paul Chavas, Ronald W. Cotterill, and Brian W. Gould. "An Econometric Analysis of Brand Level Strategic Pricing Between Coca Cola and Pepsi Inc. (Submitted to *Journal of Economics and Management Strategy*, June 2002.)

Cotterill, Ronald W. "Dynamic Explanations of Industry Structure and Performance," *British Food Journal,* 103(10): p. 679-714, 2002.

Cotterill, Ronald W. and Pierre O. Samson. "Estimating a Brand Level Demand System for American Cheese Products to Evaluate Unilateral and Coordinated Market Power Strategies," *American Journal of Agricultural Economics,* 84:3, p. 817-823, August 2002.

Cotterill, Ronald W. "Cooperative and Membership Commitment: Discussion," *American Journal of Agricultural Economics,* 83:5, p. 1278-1279, 2001.

Lubatkin, Michael, William Schulze, Avinash Mainkar, and Ronald W. Cotterill, "An Ecological Investigation of Firm Effects in Horizontal Mergers," *The Strategic Management Journal,* 22:335-357, 2001.

Cotterill, Ronald W. and William P. Putsis, Jr., "Testing the Theory: Assumptions on Vertical Strategic Interaction and Demand Functional Form," *Journal of Retailing,* 77(2001) p. 83-109.

Cotterill, Ronald W. "Neoclassical Explanations of Vertical Organization and Performance of Food Industries," *Agribusiness: An International Journal*, 17:1, Winter 2001, p. 33-57.

Cotterill, Ronald W., Leonard Egan, and William Buckhold. "Beyond Illinois Brick: The Law and Economics of Cost Pass Through in the ADM Price Fixing Case," *Review of Industrial Organization*, 18(1):45-52, February 2001.

Cotterill, Ronald W. and William P. Putsis, Jr. "Market Share and Price Setting Behavior for Private Labels and National Brands," *Review of Industrial Organization*, 17:1, August 2000, p. 17-39.

Cotterill, Ronald W., Ravi Dhar and William Putsis. "Assessing the Competitive Interaction Between Private Labels and National Brands," *Journal of Business*, 73:1, January 2000, p. 109-137.

Putsis, William P. and Ronald W. Cotterill. "Share, Price and Category Expenditure–Geographic Market Effects and Private Labels," *Managerial and Decision Economics*, 20:175-187, 1999.

Cotterill, Ronald W. "Jawboning Cereal: The Campaign to Lower Cereal Prices" *Agribusiness: An International Journal,* 15:2, 1999, p. 197-205.

Cotterill, Ronald W. and Andrew Franklin. "An Estimation of Consumer Benefits from the Public Campaign to Lower Cereal Prices," *Agribusiness: An International Journal*, 15:2, 1999, p. 273-287.

Cotterill, Ronald W. "High Cereal Prices and the Prospects for Relief by Expansion of Private Label and Antitrust Enforcement," *Agribusiness: An International Journal,* 15:2, 1999, p. 229-245.

Cotterill, Ronald W. "Measuring Market Power in the Demsetz Quality Critique in the Retail Food Industry" *Agribusiness: An International Journal*, 15:1, 1999, p. 101-118.

Cotterill, Ronald W. "The Performance of Agricultural Marketing Cooperatives in Differentiated Product Markets", *Journal of Cooperatives*, Vol. 12, 23-34, 1997.

Cotterill, Ronald W. "The Food Distribution System of the Future: Convergence Towards the U.S. or U.K. Model?" *Agribusiness* Vol. 13, No. 2., 123-135, March/April 1997.

Haller, Lawrence and Ronald Cotterill. "Evaluating Traditional Share-Price and Residual Demand Measures of Market Power in the Catsup Industry" *Review of Industrial Organization* Vol. 11, No. 3, 293-306, 1996.

Cotterill, Ronald W. "Scanner Data: New Opportunities for Demand and Competitive Strategy Analysis" *Agricultural and Resource Economics Review* 23(2):125-139, 1994.

Cotterill, Ronald W. and Randall Westgren. "Strategic Marketing in Food Industries" *Agribusiness*, Vol. 10, No. 5, 431-441, 1994.

Cotterill, Ronald W. and Lawrence E. Haller. "Barrier and Queue Effects: A Study of Leading U.S. Supermarket Chain Entry Patterns" *Journal of Industrial Economics,* Vol. 40, No. 4, December 1992, pp. 1-14.

Cotterill, Ronald. "Grocery Mergers: Implications for Performance and Policy," *Review of Industrial Organization*, Vol. 5, No. 2, Summer, 1990, pp. 189-202.

Khan, Munir and Ronald W. Cotterill. "Analysis of Milk Marketing Channels in Thatta (Sind)," Sarbad Journal of Agriculture, (Pakistan), Vol. 6, No. 4, 1990, pp. 349-353.

Caswell, Julie and Ronald W. Cotterill. "Two New Theoretical Approaches to Measuring Industry and Firm Performance," *Agribusiness*, Vol. 4, No. 6 p. 511-520, 1988.

Cotterill, Ronald W. "The Design and Impact of Strategic Management Information Systems," *American Journal of Agricultural Economics*, Vol. 70, No. 2, May 1988 p. 475-479.

Cotterill, Ronald W. "Strategic Management in Agribusiness Firms," *American Journal of Agricultural Economics*, Vol. 69, No. 5, Dec. 1987, p. 1064-1065.

Cotterill, Ronald. "Market Power in the Retail Food Industry: Evidence from Vermont," *Review of Economics and Statistics*, Vol. LXVIII, No. 3, August 1986, p. 379-386.

Cotterill, Ronald. "Retail Food Cooperatives: Testing the Small is Beautiful Hypothesis," *American Journal of Agricultural Economics*, Vol. 65, No. l, February, 1983, pp. 125-130.

Cotterill, Ronald, "Economics of Size and Performance in Preorder Food Cooperatives," *Journal of Retailing*, Vol 57, No. 1, Spring 1981, pp. 43-64.

Cotterill, Ronald, and Willard Mueller, "The Impact of Firm Conglomeration on Market Structure: Evidence for the Food Retailing Industry," *The Antitrust Bulletin*, Vol. XXV, No. 3, Fall, 1980. pp. 557-582.

Marion, B., W. Mueller, R. Cotterill, F. Geithman, and J. Schmelzer, "Performance of Food Chains," *American Journal of Agricultural Economics*, Vol. 61, No. 3, August 1979, pp. 420-433.

Cotterill, Ronald, "Declining Competition in Food Retailing: An Opportunity for Consumer Food Cooperatives?" *The Journal of Consumer Affairs*, Vol. 12 No. 2, Winter 1978, pp. 250-265.

Cotterill, Ronald, "Market Structure and Profit Performance in the Food Retailing Industry: 1970-74," *The Journal of Economics*, Vol. 4, (Missouri Valley Economic Association, Columbia, MO), 1978.

Chapters in Books

Cotterill, Ronald W. "Who Benefits from Deregulated Milk Prices: The Missing Link is the Marketing Channel" in John Kennelley, editor, *Advances in Dairy Technology*, Vol. 14. University of Alberta: Alberta, 2002. P. 111-126. Download as University of Connecticut, Food Marketing Policy Issue Paper No. 26 at www.are.uconn.edu/fmktc.html.

Cotterill, Ronald W. "A Critique of the Current Food System" in Stumo, Michael C. *A Food and Agriculture Policy for the 21st Century,* Organization for Competitive Markets (http://www.competitivemarkets.com/) Download as University of Connecticut, Food Marketing Policy Issue Paper No. 20 at www.are.uconn.edu/fmktc.html.

Plato, Gerald and Ronald W. Cotterill. "Consumer Prices for Breakfast Cereals After the 1996 Manufacturer Price Reductions" in *The American Consumer and the Changing Structure of the Food System,* Conference Proceedings, ERS/USDA, Washington, DC, May 4-5, 2000.

Dhar, Tirtha and Ronald W. Cotterill. "Structural Approaches to Price Transmission in Noncompetitive Market Channels: A Study of the Fluid Milk Industry" in *The American Consumer and the Changing Structure of the Food System,* Conference Proceedings, ERS/USDA, Washington, DC, May 4-5, 2000.

Cotterill, Ronald W. "Continuing Concentration in the US: Strategic Challenges to an Unstable Status Quo" in W. Ramsay ed., *The Global Food Industry: Strategic Directions."* Financial Times Monograph Series, London. 2000.

Cotterill, Ronald W. "Continuing Concentration in Food Industries Globally: Strategic Challenges to an Unstable Status Quo" in Gomes and da Costa, eds., *(Des)Equilibrio Economico & Agronegocio,* University of Vicosa, Brazil, 1999.

Cotterill, Ronald W. "The Dairy Industry: A Connecticut Perspective" in *Connecticut Agriculture and Resources 2000*, Dept. of Agricultural and Resource Economics, University of Connecticut, pp. 1-10, October 1995.

Cotterill, Ronald W. and Lawrence E. Haller. "Market Positions of Cooperatives in Branded Dairy Product Markets," in R.W. Cotterill ed. *Competitive Strategy Analysis for Agricultural Marketing Cooperatives.* Boulder: Westview Press, 1994, pp. 99-144.

Cotterill, Ronald W. "A Response to the Federal Trade Commission/Anderson Critique of Structure-Performance Studies in Grocery Retailing," in R.W. Cotterill ed. *Competitive Strategy Analysis in the Food System*, Westview Press:Boulder, 1993, pp. 221-252.

Cotterill, Ronald W. and Clement W. Iton. "A PIMS Analysis of the Structure Profit Relationship in Food Manufacturing" in R.W. Cotterill ed. *Competitive Strategy Analysis in the Food System*, Westview Press:Boulder, 1993, pp. 25-44.

Cotterill, Ronald W. "Introduction and Methodological Overview" in R.W. Cotterill, ed *Competitive Strategy Analysis in the Food System*, Westview Press:Boulder, 1993, pp. 3-24.

Cotterill, Ronald W. "Food Retailing:Mergers, Leveraged Buyouts and Performance" in L. Duetsch ed. *Industry Studies*, Prentice Hall, Englewood Cliffs, 1993.

Cotterill, Ronald and Lawrence Haller, "Entry Patterns and Strategic Interaction in Food Retailing" in Robert Wills, Julie Caswell, John Culbertson eds. *Issues After a Century of Competitive Policy*, Lexington Books: Lexington, 1987, p. 324-358.

Cotterill, Ronald. "Economic Efficiency of Alternative Forms of Business Enterprise," in R. Kilmer and W. Armbruster, eds. *Economic Efficiency in Agricultural and Food Marketing*, Iowa State University Press: Ames, 1987.

Cotterill, Ronald. "The Competitive Yardstick School of Cooperative Thought," *American Cooperation*, American Institute of Cooperation, Washington, D. C., 1984, p. 41-56.

Cotterill, Ronald. "Changing Structure of Mass Media Markets: Relevance for Policy Initiatives on Advertising in the Food System," in J. Connor and R. Ward, eds. *Advertising and the Food System*, Department of Agricultural Economics, University of Wisconsin-Madison, 1983, p. 437-456.

Cotterill, Ronald. "Structures and Strategies in the Food Industry" in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Inc., Danville, IL, 1982 p. 33--75.

Cotterill, Ronald. "Marketing Organizational Strategies for Retail Cooperatives" in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Danville, IL, 1982, p. 77-118.

Cotterill, Ronald. "Cooperative Wholesaling Systems", in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Inc., 1982, p. 139-174.

Cotterill, Ronald and John Gherty. "How to Organize a Cooperative: Incorporation, Merger, and Dissolution", in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Inc., Danville, IL., 1982, p. 175-199.

Keegin, S. W. and R. W. Cotterill. "Complying with Securities Laws: Nemesis for Consumer Cooperatives", in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Inc., Danville, IL., 1982, p. 201-225.

Cotterill, R. "Basic Legal and Economic Aspects of Cooperative Finance", in R. Cotterill, ed., *Consumer Food Cooperatives*, Interstate Printers and Publishers, Inc., Danville, IL., 1982, p. 227-251.

Invited Papers/Testimony

Cotterill, Ronald W. "The Impact of the Northeast Dairy Compact and Market Channel Pricing Strategies on the Performance of the New England Dairy Industry." Submitted testimony to the Senate Judiciary Committee, Washington, D.C., July 25, 2001. Downloadable at www.are.uconn.edu/fmktc.html.

Cotterill, Ronald W. and Lawrence E. Haller. "An Econometric Analysis of Brand Level Demand for Breakfast Cereal: Product Market Definition in Unilateral Market Power Effects," invited paper delivered at Third Annual INRA-IDEI Conference on Industrial Organization in the Food Processing Industry, Toulouse, France, November, 1998. University of Connecticut, Food Marketing Policy Center Research Report No. 35.

Cotterill, Ronald W. "The Economics of Private Label Pricing and Channel Coordination," in G. Galizzi and L. Venturini *Vertical Relationships and Coordination in the Food System*, Physica-Verlag:Herdelberg 1999, p. 39-60.

Cotterill, Ronald W. "The Role of Cooperatives in Differential Product Markets" presented at the NE-165 Conference "Strategy and Policy in the Food System: Emerging Issues", Washington, D.C., June 21, 1996.

Cotterill Ronald W. "Cheese Pricing in a Market Driven Environment", Testimony before Subcommittee on Livestock, Dairy, and Poultry and Subcommittee on Risk Management and Specialty Crops, U.S. House of Representatives, in *Joint Hearings*, Serial No. 104-30, U.S. G.P.O., 226-230, Washington, D.C., May 16, 1996. University of Connecticut, Food Marketing Policy Issue Paper No. 15.

Cotterill, Ronald W., Andrew Franklin, and Li Yu Ma. "Measuring Market Power Effects in Differentiated Product Industries: An Application to the Soft Drink Industry", University of Connecticut, F.M.P.C. Research Report No. 32, July 1996. Delivered at Industrial organization Seminar Series, Dept. of Economics, Harvard University, April 1996.

Cotterill, Ronald W. "High Cereal Prices and the Prospects for Relief by Expansion of Private Label and Antitrust Enforcement." Presented at the Congressional Forum on Cereal Prices, Washington, D.C., March 12, 1996. University of Connecticut, Food Marketing Policy Issue Paper No. 11.

Cotterill, Ronald W. and Andrew Franklin. "The Urban Grocery Store Gap" Food Marketing Policy Center Issue Paper NO. 8, April 1995. Presented at *Public Voice*, Inner City Supermarket Task Force meeting, Washington, DC May 15, 1995.

Cotterill, Ronald W. "Performance Consequences of the Agricultural Cooperative Exemption," invited paper at the American Bar Association Meetings, New York, NY, August 10, 1993.

Cotterill, Ronald. "The Changing Structure and Performance of the Food Distribution System: Implications for Low Income Urban Consumers," Testimony before the House Select Committee on Hunger, Washington, DC, September 30, 1992.

Cotterill, Ronald, "What Roles can Private Institutions Play in the Rural Development Process" in *Toward A Rural Development Policy for the 1990's: Enhancing Income and Employment Opportunities*, Proceedings of a Symposium sponsored by the Congressional Research Service at the Request of the Joint Economic Committee, Washington, D.C., Sept. 29 and 30, 1988. Reprinted as University of Connecticut FMPC Research Report No. 3, February 1989.

Cotterill, Ronald W. "Mergers and Concentration in Food Retailing: Implications for Performance and Merger Policy." Testimony before Subcommittee on Monopolies and Commercial Law, Committee on the Judiciary, U. S. House of Representatives, May 11, 1988. Serial No. 67, USGPO, Reprinted as University of Connecticut Food Marketing Policy Center Research Report No. 2, January 1989.

Delivered Papers and Reports

Cotterill, Ronald W. "Perspectives on Global Concentration and Public Policy." Presented at the Global Markets for High-Value Food Workshop, sponsored by the ERS, The Farm Foundation, and the Food Industry Center, February 14, 2003, Washington, DC.

Cotterill, Ronald W. and Adam N. Rabinowitz. "Analysis of Two Related Milk Price Approaches to Address the Noncompetitive Pricing Problem in the Milk Industry: The 40-40 Consumer Approach and the Farmer and Consumer Fair Share Approach." Food Marketing Policy Center Issue Paper No. 30, December 2002.

Cotterill, Ronald W. "A Fair Share Law for Connecticut and Other Northeast Dairy States: A State Level Solution to Retail Milk Price Gouging and the Dairy Farm Crisis." Food Marketing Policy Center Issue Paper No. 29, December 2002.

Cotterill, Ronald W. "A Northeast Dairy Compact Post Mortem." Food Marketing Policy Center Issue Paper No. 28, October 2002.

Cotterill, Ronald W. "Comments on the Food Marketing Institutes' Submission to the FTC Titled, 'Supermarket Merger Investigations and Remedies.'" Food Marketing Policy Center Issue Paper No. 27, August 2002.

Chidmi, Benaissa, Rigoberto A. Lopez, and Ronald W. Cotterill. "Impact of the Northeast Dairy Compact on Retail Market Power." Presented at the Northeastern Agricultural and Resource Economics Association Meetings, Harrisburg, PA, June 9-11, 2002.

Cotterill, Ronald W. "University Research on Dairy Compacts and Fluid Milk Pricing: Executive Summaries, Fact Sheets, and Price Charts." Food Marketing Policy Center Issue Paper No. 25, August 2001.

Cotterill, Ronald W. "Testimony on the Impact of the Northeast Dairy Compact and Market Channel Pricing Strategies on the Performance of the New England Dairy Industry." Food Marketing Policy Center Issue Paper No. 24, July 2001.

Cotterill, Ronald W., and Andrew W. Franklin, "The Impact of the Northeast Dairy Compact: A Comparative Evaluation of Two Studies." Food Marketing Policy Center Issue Paper No. 23. July 2001.

Cotterill, Ronald W. and Andrew W. Franklin, "A PowerPoint Deconstruction of the Farm and Retail Price Analysis" Presented in "The Public Interest and Private Economic Power: A Case Study of the Northeast Dairy Compact." May 31, 2001. Food Marketing Policy Center Issue Paper No. 22. Seminar presented at the Northeast Dairy Compact Commission meeting, Newport, Rhode Island, May 11, 2001.

Cotterill, Ronald W. and Michael F. Brundage, "Competition, or the Lack Thereof in Local Fluid Milk Markets: San Francisco, Seattle, Chicago, Miami and Dallas-Fort Worth." Food Marketing Policy Center Issue Paper No. 21. May 2001.

Dhar, Tirtha and Ronald W. Cotterill, "Cost Pass Through in the Case of Sequential Oligopoly: An Empirical Study of the Fluid Milk Market." December 1999. University of Connecticut Research Report No. 54.

Putsis, William P. and Ronald W. Cotterill, "Share, Price and Category Expenditure–Geographic Market Effects and Private Labels," 1999. University of Connecticut Research Report No. 50.

Cotterill, Ronald W. "Continuing Concentration in Food Industries Globally: Strategic Challenges to an Unstable Status Quo," October 1999. University of Connecticut Research Report No. 49.

Cotterill, Ronald W. "Continuing Concentration in the US: Strategic Challenges to an Unstable Status Quo," August 1999. University of Connecticut Research Report No. 48.

Cotterill, Ronald W. "Post Merger Price Conduct: A Case Study of Pricing in Connecticut Markets After the 1996 Royal Ahold Stop & Shop Merger," October 1999. University of Connecticut Research Report No. 47.

Dhar, Tirtha and Ronald W. Cotterill , "Cost Pass Through in the Case of Sequential Oligopoly: An Empirical Study of the Fluid Milk Market." Presented at 1999 American Agricultural Economics Association Annual Meeting, Nashville, Tennessee, August.

Cotterill, Ronald W. "An Antitrust Economic Analysis of the Proposed Acquisition of Supermarkets General Holdings Corporation by Ahold Acquisition Inc." Presented to Bureau of Competition, FTC; Antitrust Section, New York Attorney General, and Antitrust Section, New Jersey Attorney General, April 1999. University of Connecticut Research Report No. 46.

Cotterill, Ronald W. "Commodity Check Off Programs: Are They a Help to Farmers?" Paper presented at New England New York Poultry Management Conference, Andover, Massachusetts. September 7, 1994.

Haller, Lawrence E. and Ronald W. Cotterill. 1994. "The Determinants of Brand Price in the Catsup Industry: Market Share and Local Market Effects." Presented at 1994 American Agricultural Economics Association Annual Meeting, San Diego.

Langan, Glenn E. and Ronald W. Cotterill. 1994. "Estimating Brand Level Demand Elasticities and Measuring Market Power for Regular Carbonated Soft Drinks." Presented at 1994 American Agricultural Economics Association Annual Meeting, San Diego.

Bhuyan, Sanjib and Ronald W. Cotterill. 1994. "Countervailing Power and Seller Performance in U.S. Food and Tobacco Manufacturing Industries." Presented at 1994 American Agricultural Economics Association Annual Meeting, San Diego.

Cotterill, Ronald W. and Don Pinkerton. 1993. "Motives for Mergers in Food Manufacturing," Delivered at 1993 AAEA selected paper competition. Orlando, FL, August.

Cotterill, Ronald W. and James Brock."Antitrust Policy" paper presented at Food Marketing Consortium Workshop, Orlando, FL, January 14-15, 1993.

Cotterill, Ronald W. and Randall Westgren. "Strategic Market Behavior of Large Food Manufacturing and Distribution Firms," Paper presented at Food Marketing Consortium Workshop, Orlando, FL, January 14-15, 1993.

Cotterill, Ronald W. 1992, "Intermediate Term Milk Price Forecasts for Connecticut" a report to Honorable John Blum, Commissioner, CT Dept. of Agriculture, December.

Cotterill, Ronald W. and Hachim Salih, "Testing for Risk Premiums in the Wheat-Flour Subsector," Presented as a selected paper, American Association of Agricultural Economics Annual Meeting, Baltimore, MD, August 7, 1992.

Cotterill, Ronald W. and Lawrence Haller, "Market Positions of Cooperatives in Branded Dairy Product Markets," Delivered at national workshop New Strategic Directions for Agricultural Marketing Cooperatives, Boston, MA, June 24-25, 1992, 40 pages.

Cotterill, Ronald W., Don C. Pinkerton, and Lawrence E. Haller "Economic Analysis of the Proposed Dairy Income Enhancement Program," A report to the Environment Committee, Connecticut House of Representatives, February 1989, 28 pages.

Cotterill, Ronald and Don Iton. "New Horizons in Apple Marketing: Vertical Coordination Strategies to Improve Connecticut Apple Grower Profits," A report to Connecticut Apple Marketing Board, November 1987, 53 pages.

Caswell, Julie and Ronald Cotterill. "New Theoretical Approaches to Measuring Industry Performance," NE-165 Working Paper No. 7, Presented at the Symposium on Industry Performance at the American Association of Agricultural Economics Annual Meeting, Michigan State University, August 1987, 15 pages.

Cotterill, Ronald. "An Agenda for Research on Competition Policy in the Food System," Invited paper at Northeast Agricultural and Resource Economics Association Annual Meeting, University of West Virginia, June 1986, 19 pages.

Cotterill, Ronald W., "A Strategic, Long Run Outlook for Apple Production in Connecticut," University of Connecticut A.E.R.S. Staff Paper No. 86-1.

Sako, Bafotigui, and Ronald Cotterill, "An Econometric Analysis of Supply Responsiveness in Traditional Agriculture: Millet Sorghum and Rice Farmers in Mali," African Rural Economy Program Working Paper No. 36, Michigan State University, 1981, 85 pgs.

Cotterill, Ronald. "Embargoes and Cartels as Instruments of Foreign Policy," M.S.U. Agricultural Economics Report 370, February 1980, 80 pgs.

Cotterill, Ronald. "The Social Economics of Participatory Consumer Cooperatives," M.S.U. Agricultural Economics Report No. 369, December 1979, 42 pgs.

Cotterill, Ronald. "Market Structure and Profit Performance in the Food Retailing Industry," 1970-1974 M.S.U. Agricultural Economics Report No. 334, October 1978, 41 pgs.

Reviews and Abstracts

Cotterill, Ronald. "A Review of Antitrust Economics on Trial," *The American Economist*, Vol 36, No. 2, Fall 1992, pp. 94-95.

Cotterill, Ronald W. "E.G. Nourses Place in Contemporary Cooperative Theory and Practice," *Journal of Agricultural Cooperation*, Vol. 7, 1992, pp. 115-118.

Cotterill, Ronald "Mergers in the Food System: Motives and Impacts", Abstract of symposium held at American Agricultural Economics Association Meeting, Baton Rouge, LA., August 1989, *American Journal of Agricultural Economics*, Vol. 71, No. 5, (in press).

RECENT SYMPOSIUMS/SEMINARS DELIVERED

Seminar Speaker, "Structural Models of Price Transmission in Imperfectly Competitive Market Channels." Department of Agricultural Economics, University of Alberta, March 7, 2002.

Invited Speaker, "Speakers' Closed Door Meeting for Representatives on Dairy Compact and Milk Pricing," U.S. House of Representatives, August 1, 2001.

Invited Speaker, "Consolidation in the Processing and Retailing Sectors: Implications for Production Agriculture." American Farm Bureau Convention, Orlando, Florida, January 8, 2001.

Seminar Speaker, "Antitrust Policy in Food Industries." Consumer Federation of America, Washington, DC. June 13, 2000.

Seminar Speaker, "The Wisconsin Approach to Industrial Organization Analysis: Past, Present, and Future" Department of Agricultural Economics, Univerisity of Wisconsin, Madison. June 1, 2000.

Seminar Speaker, "Structural Approaches to Price Transmission in Noncompetitive Market Channels: A Study of the Fluid Milk Industry," Department of Economics, Yale University. March 23, 2000.

Invited Speaker, conference titled, "Economic (DES)Equilibrium & Agribusiness" Federal University of Vicosa, Brazil, October 19-21, 1999.

Invited Speaker, "Use of Scanner Data for Industrial Organization Research" National Bureau of Economic Research Industrial Organization Summer Workshop, Cambridge, Massachusetts, August 4, 1999.

Seminar Speaker, "Measuring Market Power: The Shift from Models of Collusion to Models of Unilateral Market Power." London Business School, London, UK, June 1, 1998.

Seminar Speaker, "Jawboning Cereal" Department of Agricultural Economics, Cornell University, April 21, 1997.

Invited Speaker, Policy Research Roundtable "Measuring Market Power and Efficiency in Food Industries" NE-165 Conference "Strategy and Policy in the Food System: Emerging Issues", Washington, D.C. June 20, 1996.

Seminar Speaker, Measuring Market Power Effects in Differential Product Industries: an Application to the Soft Drink Industry" Department of Economics, Harvard University, April 26, 1996.

Seminar Speaker, "Market Power and Mergers in Food Industries: The Breakfast Cereal Case Example." Univ. of Connecticut, Dept. of Agricultural and Resource Economics, Dec. 6, 1995.

Seminar Speaker, "Performance and Public Policy Alternatives in the Breakfast Cereal Industry." Univ. of Connecticut, Dept. of Nutritional Sciences, Oct. 5, 1995.

TEACHING EXPERIENCE

Agricultural and Resource Economics 358, Industrial Organization Empirical Analysis—a graduate course at the University of Connecticut. 1982-1988, 1990 to 2000, 2002.

Agricultural and Resource Economics 275, Principles of Agribusiness, an undergraduate course at the University of Connecticut. 1996 to present.

Agricultural and Resource Economics 221, Organization and Strategies in the Food System - an undergraduate course at the University of Connecticut. 1996, 1998, 2001.

Agricultural Economics 220, Cooperatives—an undergraduate course at the University of Connecticut. 1982-1989, 1994, 1995.

Agricultural Economics 225, Marketing and Price Formation—an undergraduate course at the University of Connecticut. 1982-1986.

Economics/Agricultural Economics 811—a graduate course in applied public finance and public program analysis at Michigan State University.

Food Systems Management 421—an undergraduate course on public policy in the food system including federal farm commodity programs, regulation and antitrust in food industries at Michigan State University.

PUBLIC SERVICE/CONSULTING

Expert economic analysis for the Department of Justice, State of California, in the investigation of wholesale gasoline prices, 2002.

Expert economic analysis of the proposed acquisition of Big V Supermarkets by Royal Ahold/Stop & Shop for Wakefern Food Corporation, 2002.

Expert economic analysis of price transmission and the downstream impact of price fixing in vitamins for BASF, Hoffmann LaRoche, Aventis, and Takeda, December 2001.

Expert economic witness for Pueblo International, Inc. San Juan, Puerto Rico, in a breach of contract case, 1999, 2001.

Expert economic witness for Arisa Realty and Morel Operating Company in Mayfair Supermarkets/Edwards v. Arisa, Morel, American Store Proprieties and Acme Markets. Superior Court of New Jersey Chancery Division: Middlesex County Docket No. MID-C-92-00. Royal Ahold through its Mayfair/Edwards division sued Arisa and Morel, the owner of Ryder Crossing Shopping Center, Milltown, New Jersey, for violating an alleged restrictive covenant and developing a supermarket for Acme supermarkets a division of Albertons/American Stores. Acme and American stores were also defendants. January 2001.

Expert economic analysis for the Attorneys General of Vermont, Connecticut and Massachusetts in the acquisition of the Stop & Shop milk plant by Suiza GTL. 2000

Expert economic analysis for plaintiff in Augusta News v. Hudson News et al., Augusta, Maine. A Sherman Act section 1 and R-P case on slotting allowances. 1999.

Expert witness for Tops/Royal Ahold, plaintiff in Tops v. Quality Foods et al. Tops is suing Quality for attempted monopolization of the Jamestown, New York market, 1999.

Expert economic analysis for Wakefern Food Corp. of the Royal Ahold–Pathmark merger, 1999.

Expert economic analysis for plaintiff in J. Servais et al. v. P. Morris/Kraft et al., a class action law suit on behalf of U.S. dairy farmers against Kraft, the National Cheese Exchange and others alleging downward manipulation of U. S. cheese and milk prices, 1998.

Expert economic analysis for New York City/Northern New Jersey milk workers unions in a monopolization lawsuit wherein Farmland Dairies alleged that the other milk processors in New York City/Northern New Jersey conspired with the unions to drive Farmland out of business, 1997.

Expert economic analysis for Retail Marketing Network in Retail Marketing Network v. Actmedia, Inc. This is a Sherman Act monopolization case. RMN claims Actmedia has monopolized certain in store retail promotion markets. 1997.

Expert economic analysis for Wilcox in Wilcox v. Archer Daniels Midland et al. Analyzed the impact on consumers of price fixing in the corn wet milling industry (citric acid and high fructose corn syrup). This is a class action lawsuit on behalf of consumers to recover damages under state law in Michigan. A sister suit was also filed under state law in Kansas, 1997.

Co-Chair, Connecticut Legislative Task Force to Rename and Expand the Scope of the Connecticut State Department of Agriculture. 1996-1997.

Expert witness for Waremart, Inc. Boise, Idaho, at Boise City Council review of proposed Waremart superstore zoning permit. August 1996.

Expert economic analysis for Vons Grocery, Inc. in the matter of Harley S. Tropin et al. v. Vons Grocery, Inc. Malone and Hyde, Inc. and Public Supermarkets, Inc. and others. This was a class action lawsuit by investors defrauded in a ponzi scheme by a bogus grocery products diverting company that had bribed buyers/agents for the above major supermarkets as part of the scheme. This case was settled before trial, 1996.

Expert economic analysis for Attorneys General of Connecticut, Massachusetts, and Rhode Island, assisted in the negotiation of a consent decree jointly with FTC staff that resulted in the divestiture of 30 stores and 2 sites (over $600 million annual sales) from the merging Ahold/Edwards and Stop and Shop Supermarket chains June/July 1996.

Economic consultant for the International Center for Study of Mediterranean Agriculture, Zaragoza, Spain, in cooperation with a marketing professor from Urbs University, Denmark, planned a two week conference/course titled "Development of New Products in the Agro-Food Sector," June 1996.

Expert economic analysis for National DHIA, Vermont, Pennsylvania, Ohio and Northeast DHIA in Agritronics v. all of these DHIAS, U.S. Federal Court, Northern District of New York , Binghamton, NY, 1996.

Expert economic analysis for Alcott Estates in the matter of Alcott Estates versus Vons Grocery Inc. San Diego, California, 1995. This was a breach of lease case with antitrust claims. It was settled prior to trial.

Expert economic analysis for New York Farm Bureau in *Farmland Dairies Inc. v. RCMA and New York Farm Bureau*, Northern District of New York Federal Court, Syracuse, NY, 1995.

Economic expert witness for National Association of State Attorney General in *State of New York v. R.J. Nabisco and Phillip Morris* (a horizontal acquisition of Nabisco Shredded Wheat by Phillip Morris/Kraft General Foods, Post Cereals), Southern District of New York Federal Court, 1993-1994.

Consultant, Federal Trade Commission, Line of Business Research, 1991-92.

Member, Connecticut Dept. of Agriculture Dairy Pricing Task Force, 1992 to present.

Economic Consultant to Daniel Smith, P.C., and Vermont Department of Agriculture on economic organization and performance of the New England fluid milk marketing system, 1992.

Economic expert witness for Michael Tolokan in the matter of M. Tolokan v. Mobil Oil Company, Federal District Court, Hartford, 1991. This was a price discrimination case involving retail gasoline stations.

Economic counsel for Attorney General, State of Vermont, May 1989. (Provided economic analysis of P&C/Grand Union merger and assisted in designs of a consent decree that orders divestiture of 13 supermarkets to promote competition in Vermont grocery markets).

Economic counsel for S. Danou Supermarkets Inc., Detroit, Michigan, March 1988. (Provided economic analysis of the A&P and Borman's merger and its impact of S. Danou Supermarkets Inc.).

Economic counsel, Wachtell, Lipton, Rose and Katz for DelChamps Inc. 1988. (Provided economic analysis for an antitrust defense for successful resistance of hostile takeover bid from A&P).

Expert economic witness for Allied Supermarkets in the matter of *Albert Semaan et al. and Belair Supermarket Inc. et al. v. Allied Supermarkets Inc.* (Testified on behalf of defendant that the city of Detroit is a distinct submarket for the analysis of competition among supermarket chains, that the city of Detroit submarket is competitively structured, and thus plaintiff could not raise prices to increase profits.)

Expert economic counsel, Allied Supermarkets, Inc. 1986, (Evaluated the potential impact on competition of a proposed acquisition of nine supermarkets by Borman's Inc., the market leader in Detroit, from Nu-Trax Inc.)

Economic counsel, *Union Tire and Rubber Co. v. Dunlop Tire and Rubber Co.*, 1985. (Working for the plaintiff, Union, in a Robinson Patman, price discrimination case, estimated damages and analyzed the impact of price discrimination on competition, the case was settled first day of trial.)

Strategic Marketing Consultant to Textile Fibers Division, Dupont Chemical Corporation, Wilmington, Delaware, 1985.

Member of State of Connecticut Futures Commission Food Policy Task Force, 1984, 1985.

Expert economic witness, in the matter of *Phillip Olender & Co. v. International Multifoods*, 1984. (Estimated damages and analyzed the impact of price discrimination on competition. Work on this Robinson-Patman Act case was done for the plaintiff, P. Olender & Co.)

Economic counsel, Paul, Weiss, Rifkind, Wharton and Garrison, New York in *Allied Supermarkets v. TENGELMANN WAREHANDELGESELLSCHAFT*, United States District Court, Eastern District of Michigan, Southern Division, 1983 (Analyzed competitive impact for Allied Supermarkets who successfully challenged a horizontal merger between A&P (Tengelmann) and Chathams Supermarkets Inc. in Detroit, Michigan.)

Director, University of Connecticut Cooperative Bookstore, Inc. 1983.

Member, Financial Advisory Board, National Consumer Cooperative Bank, Washington, D. C., 1983.

Expert economic witness, in the matter of *Borman's Supermarkets Inc. v. Allied Supermarkets, Inc.* Bankruptcy Court of the United States for the Eastern District of Michigan, Southern Division, 1982. (A bankruptcy case wherein Borman's sought damages from Allied, a ch. ll competitor for wage concessions it received from unions in order to exit viably from ch. 11. I represented Allied Supermarkets Inc. and analyzed the antitrust aspects of the case.)

Evaluation consultant to Inter-America Foundation for their rural cooperative development programs in South America, 1982.

Economic consultant to Attorney General, State of Arkansas. Analyzed the price and service level performance of the grocery industry in Arkansas, 1982.

Member of selection panel, Cooperative League of the USA, annual contest to select outstanding Masters thesis and Ph.D. dissertation on cooperatives, 1980, 1981, 1982, 1983.

Member of selection panel, Cooperative League of the USA, annual contest to select outstanding Masters thesis and Ph.D. dissertation on cooperatives, 1980, 1981, 1982, 1983.

Expert economic witness, *State of Vermont v. Grand Union et al.* Washington Superior Court, Docket No. S187-81 Wnc. Analyzed market structure, pricing, and performance of the retail grocery industry as a component of the state's defense of the Vermont blue law, 1981.

Consultant to Harmony Village, community development corporation in Detroit. Provided an extensive feasibility analysis of a proposed inner city supermarket, 1981.

Economic counsel, *Michigan Natural Resources Commission v. Lloyd Arends and Sons, Inc.* Estimated damages in a point source pollution case, 1981.

Economic counsel, *State of Tennessee v. Bi-Rite Food Inc.* Assisted Attorney General in analysis of a horizontal price fixing case, 1981.

Expert economic witness for the Federal Trade Commission in *Federal Trade Commission v. National Tea Co. and Applebaum's Food Markets, Inc.* 1979. (A horizontal merger in the Minneapolis-St. Paul Market.)

Governor's Task Force on Consumer Cooperatives, 1979, 1980.

Michigan House of Representatives Agricultural Advisory Council, 1979,1980.

Director, East Lansing Food Cooperatives, 1977-78.

Director, Cooperatives Services, Inc., Detroit, Michigan. (manages 2000 units of low income senior citizen housing, a construction company and a chain of 9 optical offices), 1979, 1980.

GRANTS RECEIVED

USDA/CSREES Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $452,715, August 2002.

USDA/CSREES Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $462,009, July 2001.

USDA/CSREES Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $374,200, June 2000.

USDA/CSREES Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $380,460, August 1999.

USDA/CSREES Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $310,344, January 1998.

USDA/CSRS Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $310,289, March 1997.

USDA/CSRS Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $311,878, November 1995.

Farm Foundation, support for Reading, England Conference "Food Retailer-Manufacturer Competitive Relationships in the EU and USA: Emerging Research Issues" March 1995, $5,000.

Farm Foundation, support for NE-165 conferences June 5-7, 1995, Washington, DC titled "Vertical Coordination in the Food System" and "Economics of Reducing Health Risk from Food," April 1995, $6,100.

USDA/CSRS Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $311,000, November 1994.

USDA Nat'l Research Initiative Grant for the organization of a conference in Reading England titled "Food Retailer-Manufacturer Competitive Relationships in the EU and USA: Emerging Research Issues," August 1994, $9,177.

USDA/CSRS Special Research Grant for Support of Food Marketing Policy Center at the University of Connecticut, $348,371, December 1993.

USDA National Research Initiative Grant, "Global Competitors in the U.S. Beer and Bottled Water Industries." September 1993, $95,431.

Cooperative State Research Service/USDA, Grant for Support of Conference "Valuing Food Safety and Nutrition" Alexandria, VA June 1993, $2,500.

Farm Foundation Grant for support of conference "Valuing Food Safety and Nutrition," Alexandria, VA, June 1993, $5,000.

USDA/CSRS Special Research Grant for support of Food Marketing Policy Center at the University of Connecticut, $371,999, November 1992.

Cooperative Agreement with Agricultural Cooperative Service/USDA, "Development of the Theory of Agricultural Cooperation in Noncompetitive Markets," 1992, $26,629.

Cooperative Agreement with CSRS/USDA in support of a national workshop, "New Strategic Directions for Agricultural Marketing Cooperatives," Boston, MA, June 24-25, 1992. $3,000.

USDA/CSRS Special Research Grant for support of Food Marketing Policy Center at the University of Connecticut, $393,000, October 1991.

Cooperative Agreement with CSRS/USDA in support of national conference titled, "Competitive Strategy Analysis in the Food System", $5,000, April 1991.

Grant from Farm Foundation in support of national conference titled, "Competitive Strategy Analysis in the Food System, $3,000, April 1991.

UConn Research Foundation support for An Analysis of Business Unit Strategies and Their Performance in the Food Manufacturing Sector, $750, November 1990.

USDA/CSRS Special Research Grant for support of Food Marketing Policy Center at the University of Connecticut, $393,000, November 1990.

Farm Foundation, Chicago, Illinois, a grant of $2,500 for support of Economics of Food Safety Workshop, March 1990.

Grant from Farm Foundation in support of Economics of Food Safety Workshop, $3,000, April 1990.

Cooperative Agreement with ERS/USDA in support of Economics of Food Safety Workshop, $1,000, May 1990.

Cooperative Agreement with CSRS/USDA in support of Economics of Food Safety Workshop $3,000, May 1990.

CSRS Special Research Grant for support of Food Marketing Policy Center at the University of Connecticut, $378,000, December 1989.

UConn Research Foundation support for Evaluating the Motives and Impacts of Mergers and Acquisitions in the Food System, $750, April 1989.

Cooperative agreement with the Agricultural Cooperative Service, USDA for research on competitive strategy analysis for cooperatives engaged in food processing. $49,747, March 1989.

CSRS special research grant for support of Food Marketing Policy Center at the University of Connecticut $285,000, October 1988.

A grant of $34,955 to evaluate the Connecticut dairy inspection program and recommend reforms, from the Connecticut Department of Agriculture, March 1988.

Regional research funds from six universities in the Northeast totaling $15,500 for support of Food Marketing Policy Center, February 1988.

CSRS special research grant to establish a National Food Marketing Policy Center at the University of Connecticut, $150,000, December 1987.

Cooperative agreement with the Agricultural Cooperative Service, USDA, to support Food Marketing Policy Center, $7,000, September 1987.

Grant from University of Connecticut Research foundation for support of research on mergers in the food system via acquisition of data, University of Connecticut Research Foundation, $750, Sept. 1987.

Apple Marketing Research, Connecticut Apple Marketing Board via State Department of Agriculture, $7,315, July 6, 1987.

Regional research funds from six universities in the Northeast totaling $16,000 for support of NE-165 research project core research group, February 1987.

A contract of $8,000 from the Office of Technology Assessment, U. S. Congress to analyze the effects of electronic information technology on employment and economic performance in the Food Manufacturing and Distribution Industries, 1985.

A contract of $2,500 from the Hartford, Connecticut Local Initiative Support Corporation (Ford Foundation) to analyze the feasibility of a community-based food buying service for urban day care and senior citizen centers, 1985.

A grant of $21,667 from the Agricultural Cooperative Service, USDA to review and expand the theory of agricultural cooperation, 1982.

A grant of $16,590 for a 15 month project from the National Consumer Cooperative Bank, Washington, D.C. The project title is: "Evaluating Alternative Cooperative Capitalization and Ownership Plans for Consumer Food Cooperative Federations," 1981.

A grant of $50,025 from the Michigan Department of Education, Title I of the Higher Education Act of 1965 program. The project title is: "Michigan State University Extension Service Consumer Food Cooperative Education Initiative," 1981.

A grant of $7,790 for first year of a two year project under the auspices of Title V of the Rural Development Act of 1972. The project title is: "An Economic Analysis of Warehousing, Transport, and Management Services Provided by Consumer Cooperative Federations," 1980.

PRIOR EMPLOYMENT RECORD

Assistant Professor of Agricultural Economics, Michigan State University, 1977-81.

Research Assistant, Dept. of Agricultural Economics, University of Wisconsin, 1972-1977.

Member of International Voluntary Services agricultural development team, Zaire, 1970.

Congressional intern in the office of Representative Samuel S. Stratton, (D-New York), summer, 1968.

OTHER PROFESSIONAL ACTIVITIES AND AFFILIATIONS

Editorial board, Northeastern Journal of Agricultural and Resource Economics, (1987-1989)

Member, American Economics Association

Member, American Association of Agricultural Economics

Member, Industrial Organization Society

Member, Food Industry Committee, American Antitrust Institute

Member, American Bar Association's Clayton Act Committee, 1992 to present

Member, American Bar Association's Federal Trade Commission Subcommittee on Competition, 1992 to present

Member, American Bar Association's Agricultural Trade Regulation Committee, 1990-1992

Phi Eta Sigma academic honorary

Phi Kappa Phi academic honorary

Attachment B: Connecticut Proposed Law An Act Concerning the Fair Pricing of Milk

AN ACT CONCERNING THE FAIR PRICING OF MILK

Section 1. (NEW). As used in this act:

"Producer" shall mean any person who is engaged in the production of milk and who is subject to registration pursuant to section 22-172 of the general statutes;

"Processor" shall mean any person engaged in the sale of milk other than a producer or retailer and who is subject to registration pursuant to section 22-173;

"Retailer" shall mean any person engaged in the sale of milk at retail to consumers and who is subject to registration pursuant to section 22-173;

"Commissioner" shall mean the Commissioner of Agriculture;

"Fluid milk" shall mean homogenized milk, low-fat milk, fortified low-fat milk, and skimmed milk as such terms are defined in section 22-127 of the general statutes.

Section 2. (NEW) (a) No processor or retailer shall sell or offer for sale fluid milk for a price that is unconscionably excessive.

(b) A price for fluid milk is unconscionably excessive if (1) the price charged by a processor to a retailer exceeds one hundred and forty percent of the price actually paid to the producer by the processor for the same fluid milk or (2) the price charged by a retailer to a consumer exceeds one hundred and forty percent of the price actually paid to the processor by the retailer for the same fluid milk, provided that a processor or retailer may charge a price in excess of the limits established in this subsection, if the processor or retailer demonstrates that the price charged is limited to the processor's or retailer's reasonable expenses actually incurred and directly related to procuring and selling the fluid milk.

Section 3. (NEW) (a) The Commissioner may investigate any violations of this act. The Commissioner may refer any violations of this act to the Attorney General who may bring an action in superior court for the judicial district of Hartford to enforce the provisions of this act.

(b) If a court finds that a person has violated section 2 of this act, the court may award injunctive relief, restitution, a civil penalty not to exceed one thousand dollars per violation and such other relief as the court deems equitable. Each day in which the person violated section 2 of this act shall be a distinct and separate violation.

Section 4. This act shall take effect on July 1, 2003.

Attachment C: Massachusetts Proposed Law An Act Relative to the Price of Milk

The Commonwealth of Massachusetts

IN THE YEAR TWO THOUSAND THREE

An Act

RELATIVE TO THE PRICE OF MILK

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1.

Chapter 128 of the General Laws as appearing in the 2000 Official Edition is hereby amended by inserting after section 12 the following new section:-

Section 12A. Price Gouging; Milk

Definitions. For the purposes of this section, the following terms shall have the following meanings:

(a) "Person" shall mean the owner or owners, including any individual, partnership, association, firm, or corporation, of an establishment engaged in the retail sale of milk;

(b) "Commissioner" shall mean the commissioner of agriculture;

(c) "Fluid milk" shall mean milk, skim milk or lowfat milk in consumer sized packages sold or offered for sale for off premise consumption.

2. At any time when the retail price of fluid milk exceeds two hundred percent of the farm price for class 1 fluid milk, it shall be the responsibility of the commissioner in consultation with state and local agencies as the commissioner deems appropriate, to examine the price of fluid milk at retail to determine if the prices of fluid milk sold or offered for sale in the state or in

any area thereof appear to the commissioner unconscionably excessive. Upon a determination by the commissioner that the price of fluid milk being sold or offered for sale appears unconscionably excessive in a particular area of the state, the commissioner shall, by written notice, provide any person found to be selling or offering for sale fluid milk at such price, an opportunity to discontinue such price levels or to demonstrate that it is not unconscionably excessive. Any person, so notified, who does not submit a written reply within three business days of the receipt of such notice, and who does not within three business days of the receipt of such notice, and who does not within such time satisfy the commissioner that the price level which resulted in the issuance of the notice is justifiable or has been terminated shall be identified in the commissioner' s determination as a person apparently in violation of subdivision three of this section. Following such notice to and opportunity for such person to respond, the commissioner shall forward his or her determination, in writing, together with all supporting evidence, to the attorney general.

3. No person shall sell or offer for sale fluid milk for an amount which represents an unconscionably excessive price.
4. Whether a price is unconscionably excessive is a question of law for the court.

Evidence that:

(a) the price charged at retail for fluid milk represents a gross disparity between raw milk price paid to producers plus a reasonable handler' s processing and distribution charge and the price at retail; or

(b) the price charged at retail for fluid milk increased a greater amount than the price increased for an equivalent volume paid to producers;

and

(c) in addition to paragraphs (a) and (b) of this subdivision, the increased price charged by the person was not attributable to additional charges imposed by its supplier, or other charges beyond the control of the person, including the cost of labor, shall constitute prima facie proof of a violation of this section in any proceeding commenced by the attorney general pursuant to subdivision five of this section.

5. Where a determination and all supporting evidence have been forwarded from the commissioner, the attorney general may apply to the superior court in which such violations are alleged to have occurred, on notice of five days, for an order enjoining or restraining commission or continuance of the alleged unlawful acts. In any such proceeding, the court shall determine the total excessive charge for fluid milk sold. In such proceeding, the court shall assess a civil penalty in the sum of the total excessive charge for fluid milk sold plus an amount not to exceed:

   (a) one thousand dollars, where the aggregate amount of fluid milk sold is one thousand gallons or less per week; or

   (b) five thousand dollars, where the aggregate amount of fluid milk sold exceeds one thousand gallons per week; and

   (c) in addition to paragraphs (a) and (b) of this subdivision where appropriate, order restitution to aggrieved consumers.

6. The commissioner shall promulgate all rules and regulations to effectuate the purposes of this section.

Attachment D: New Hampshire Proposed Law An Act Prohibiting Unfair Trade Practices in the Production and Sale of Milk and Dairy Products

Section 2 Header

03-0779.0
05/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Three

AN ACT prohibiting unfair trade practices in the production and sale of milk and dairy products.

Be it enacted by the Senate and House of Representatives in General Court convened:

1 New Section; Unfair Trade Practices. Amend RSA 434 by inserting after section 56 the following new section:

434:56-a Unfair Trade Practices.

I. The commissioner shall have power, after notice and hearing, to prohibit unfair methods of competition and unfair trade practices in the receiving, purchase, transportation, handling, distribution, or sale of milk products upon finding that such methods of competition and trade practices are inimical to the welfare of the dairy industry and the public.

II. A retail price for milk that is 150 percent higher than the minimum price paid to dairy producers, as provided in RSA 434:56, shall be prima facie evidence of an unfair trade practice.

2 Effective Date. This act shall take effect January 1, 2004.

Attachment E: New York State General Business Law S 396-rr. Price Gouging; Milk. Effective June 1991

New York State General Business Law, Article 26 Effective June 1991

S 396-rr. Price gouging; milk.

1. Definitions. For the purposes of this section, the following terms shall have the following meanings:
   (a) "Person" shall mean the owner or owners, including any individual, partnership, association, firm, or corporation, of an establishment engaged in the retail sale of milk;
   (b) "Commissioner" shall mean the commissioner of agriculture and markets; and
   (c) "Fluid milk" shall mean milk, skim milk or lowfat milk in consumer sized packages sold or offered for sale for off premise consumption.

2. Whenever the commissioner has established a minimum price for milk paid to producers pursuant to section two hundred fifty-eight-m of the agriculture and markets law and such state ordered minimum price is higher than the price set for milk within the state pursuant to the New York-New Jersey milk marketing order, or at any time when the retail price of fluid milk exceeds two hundred percent of the price for class I fluid milk, it shall be the responsibility of the commissioner in consultation with state and local agencies as the commissioner deems appropriate, to examine the price of fluid milk at retail to determine if the prices of fluid milk sold or offered for sale in the state or in any area thereof appear to the commissioner unconscionably excessive. Upon a determination by the commissioner that the price of fluid milk being sold or offered for sale appears unconscionably excessive in a particular area of the state, the commissioner shall, by written notice, provide any person found to be selling or offering for sale fluid milk at such price, an opportunity to discontinue such price levels or to demonstrate that it is not unconscionably excessive. Any person, so notified, who does not submit a written reply within three business days of the receipt of such notice, and who does not within such time satisfy the commissioner that the price level which resulted in the issuance of the notice is justifiable or has been terminated shall be identified in the commissioner`s determination as a person apparently in violation of subdivision three of this section. Following such notice to and opportunity for such person to respond, the commissioner shall forward his or her determination, in writing, together with all supporting evidence, to the attorney general.

3. No person shall sell or offer for sale fluid milk for an amount which represents an unconscionably excessive price.

4. Whether a price is unconscionably excessive is a question of law for the court. Evidence that:

   (a) the price charged at retail for fluid milk represents a gross disparity between the raw milk price paid to producers plus a reasonable handler`s processing and distribution charge and the price at retail; or
   (b) the price charged at retail for fluid milk increased a greater amount than the price increased for an equivalent volume paid to producers under an order or interim price of the commissioner pursuant to section two hundred fifty-eight-m of the agriculture and markets law; and
   (c) in addition to paragraphs (a) and (b) of this subdivision, the increased price charged by the person was not attributable to additional charges imposed by its suppliers, or other charges beyond the control of the person, including the cost of labor, shall constitute prima facie proof of a violation of this section in any proceeding commenced by the attorney general pursuant to subdivision five of this section.

5. Where a determination and all supporting evidence have been forwarded from the commissioner, the attorney general may apply in the name of the people of the state of New York to the supreme court of the state of New York within the judicial district in which such violations are alleged to have occurred, on notice of five days, for an order enjoining or restraining commission or continuance of the alleged unlawful acts. In any such proceeding, the court shall determine the total excessive charge for fluid milk sold. In such proceeding, the court shall assess a civil penalty in the sum of the total excessive charge for fluid milk sold plus an amount not to exceed:

   (a) one thousand dollars, where the aggregate amount of fluid milk sold is one thousand gallons or less per week; or
   (b) five thousand dollars, where the aggregate amount of fluid milk sold exceeds one thousand gallons per week; and
   (c) in addition to paragraphs (a) and (b) of this subdivision where appropriate, order restitution to aggrieved consumers.

6. The commissioner shall promulgate all rules and regulations to effectuate the purposes of this section.

Attachment F: Grocers gouge on milk sales, experts allege Shelf prices remain constant even though farmers get less. *Bangor Daily New*s. (January 25, 2003)

By Doug Kesseli, Of the Bangor Daily News Staff e-mail Doug
Last updated: Saturday, January 25, 2003

Grocers gouge on milk sales, experts allege Shelf prices remain constant even though farmers get less

AUGUSTA - A year ago, when the price Maine farmers were being paid for their milk was stabilized by the Northeast Dairy Compact, $1.65 of every gallon went back to the farm. This month, after the compact expired and prices went on a 12-month roller coaster ride, $1.10 goes to the farmer.

With Maine farmers producing 41.4 million gallons of milk a year, that's a loss of $22.77 million in income.

During that same time period, however, the price consumers paid remained stable at $2.59 to $2.99 per gallon, shifting that $22.77 million into retailers' pockets.

Dairy industry economists are accusing Maine retailers of price gouging - failing to drop the price customers paid at the dairy case when the price paid to farmers fell. At a legislative hearing this week, industry officials said they plan to mount an educational campaign to let Maine milk consumers know that retailers are making huge profits in the midst of the dairy industry crisis.

"Who is making the money?" Rep. Nancy Smith, D-Monmouth, asked industry leaders at the hearing. The answer was the supermarkets.

"Consumers have been gouged for the last 14 months," said Adrian Wadsworth, a Maine dairy farmer and president of the Maine Sustainable Agriculture Society. "We need to shame the supermarkets. Milk producers have had a 30 percent decrease in our raw product, yet the stores have remained unchanged."

According to figures provided by the Maine Dairy Industry Association, the October 2001 minimum retail price for a gallon of milk was $2.06, while the minimum wholesale price, the price that Oakhurst and Hood, for example, could charge retailers, was $2.26. The farmer got $1.65. This month, the minimum wholesale and retail prices are the same while farmers receive $1.10. Throughout the past 14 months, the prices paid by the consumer remained stable, at $2.58 to $2.99 per gallon.

Bob Wellington, an economist for a New England dairy cooperative and a leading expert on the regional milk market, said the public needs to be educated about the situation. "Farmers need to organize and present their case to the public. We need 25 cents of that profit to go to the farmer," said Wellington. "It will be quite the marketing challenge, but we know consumers are with us."

Statements provided by two major supermarket chains in Maine sidestepped the issue of their profit, instead concentrating on competition and a flat market demand for milk. Caren Epstein of Hannaford Bros. Said: "There is a perception that lower milk prices would increase product demand. The reality is that milk prices on the grocery shelf vary [milk is not a seasonal item] and lower prices would not translate into greater sales. Milk is one of those commodities that is simply not sensitive to price. People buy it when they need it. They don't start or stop based on the price."

Shaw's Supermarkets Inc. spokeswoman Teresa Edington provided a prepared statement, which read: "Shaw's milk prices are competitive with other supermarkets throughout all trade areas. In addition, the company regularly features ... special price reductions on various sizes and brands of milk. The company is and will remain committed to offering customers quality dairy products at competitive prices."

Should the dairy farmers succeed in garnering 25 cents of the profit going to retailers, the milk retailers still can charge more than the minimum retail price set by the Maine Milk Commission.

"The milk commission builds in minimum margins to protect the retailers," said Maine Dairy Industry Association spokeswoman Julie Marie Bickford. "The farmers have nothing close to that protection."

It is estimated that 80 to 100 of Maine's 412 remaining dairy farms will go out of business this year.

Wellington said Maine legislators and industry leaders have been the most innovative of the New England states in helping dairy farmers. The New England Dairy Compact, which provided stabilization for fluctuating prices, was modeled after Maine's previous vendor program. It was highly successful but was not reauthorized by Congress last fall due to pressure from the wildly expanding Western milk states.

A similar federal program, MILC, was put in place last fall, but Wellington called it "a safety net lying on a concrete floor" that will cost taxpayers billions of dollars, while the compact was paid through processors' fees.

Most in the dairy industry agree that reinstating the compact is the only permanent solution to the dairy woes and 25 states have passed local legislation allowing compact membership.

Meanwhile, in Maine, several pieces of legislation are going to be proposed this session as temporary fixes.

A vendor program that would provide payments such as those under the defunct compact is being proposed. It is being suggested at $5 million and would kick in when the price of milk falls below the cost of production.

3

The second bill would install a milk handling tax of approximately 8 cents a gallon that could pump $3.2 million annually into Maine's General Fund.
The issues are being proposed separately and the dairy industry is hoping to "leverage consumer good will," as has worked in states such as New York and Connecticut. Wellington said price-gouging bills have been put in place in those states that prohibit retailers from charging more than two times the farmer price on store brand milk products. For example, if the farmer receives $1.10 a gallon, the retailer can charge no more than $2.20.

"The highest profit margin area per square foot is the dairy case," said Wellington.

"Consumers feel good about dairy farms," he told the legislators. "We have their hearts. With the Northeast Dairy Compact, we brought their heads along. We just have to run a line to their wallet."

"The money that farmers receive doesn't stay in farmers' pockets," said Wellington. "There is recreation, the watershed, space for snowmobile and other sporting ventures - tremendous benefits to the state of Maine that farmers don't get paid for."

"The bottom line is that farmers don't want government money. They want it from the marketplace," said Wellington.

Attachment G: Spill It; An Outpouring of Support for Milk-Price Ceilings from Consumers and Lawmakers has Retailers on the Defensive. *Supermarket News*. (February 10, 2003)

Supermarket News, Feb 10, 2003 p37

SPILL IT; AN OUTPOURING OF SUPPORT FOR MILK-PRICE CEILINGS FROM CONSUMERS AND LAWMAKERS HAS RETAILERS ON THE DEFENSIVE.

by Robert Vosburgh

This is part one of a two-part SN report

The topic of milk prices is leaving a sour taste in the mouths of retailers.

Massachusetts, New Hampshire and Connecticut lawmakers are considering legislation that would cap retail milk prices to prevent gouging; Chicago consumers are participating in a class-action lawsuit alleging the city's top retailers of milk-price fixing; and Vermont has re-established a commission to determine the pricing structure used in milk.

In Pennsylvania and Maine, consumer advocates and dairy activists are collecting prices to speak out against the disparity between what farmers are paid and what processors and retailers get.

As primary purveyors of fluid dairy, supermarkets are squarely in the middle of this intense debate, and the legal pressure coming to bear threatens to expose pricing formulas and business strategies retailers traditionally guard as their most important secrets. But with legislators holding the power of the law and states equipped with agencies such as the attorney general's office, there may be little hope of hanging onto those prices for much longer.

One fact not in dispute is that the prices dairy farmers are being paid today for their milk have fallen to a 25-year low. What's under scrutiny are the prices consumers are paying at stores -- which have largely remained unchanged, according to critics.

"There is no justification out there for the high retail prices of milk," said Professor Ronald Cotterill, director of the Food Marketing Policy Center at the University of Connecticut. "The spread between the farm and the retail prices are way beyond what any of us have seen in any kind of estimate for the cost of processing and the cost of retailing."

Cotterill, an outspoken critic of the current situation, has been conducting studies that have sought to document the price spread. More recently, he was involved in a Massachusetts state probe that offered a glimpse into the byzantine practices that go into pricing milk.

In the past, most states' regulations regarding milk prices focused on preventing large operators from undercutting smaller competitors by selling milk on the cheap, at below cost. Cotterill said this law was turned on its head when Massachusetts launched an investigation of a small retailer called Midland Farms in North Easton. The three-month series of hearings was convened after H.P. Hood, an independent processor, and convenience-store chain Cumberland Farms filed a complaint about Midland's low prices.

An analysis of the chain's price structure found Midland was offering most grades of milk at about $1.79 a gallon; only 1% sold for $1.49. By comparison, the average prices for whole milk sold from competitors -- mostly larger chain stores -- in the market area were in the neighborhood of $2.99.

During the hearings, Midland defended the prices noting it operates its own dairy, which erased several layers of costs. But multiple analyses by state investigators concluded the limited-assortment chain of three stores was still selling milk at below cost -- a technical violation of the law.

A compromise ended the investigation, whereby Midland raised its prices slightly, though they would still be below what other retailers were charging. Responding to a question as to why the state was investigating a small retailer's pricing -- when the law was designed to protect them from predatory actions by large retailers -- a spokeswoman for the Massachusetts Department of Food and Agriculture replied that the agency was obligated to act on a complaint, adding, "We don't have the authority to decide whether the law is worthwhile or not."

That may soon change, as virtually every New England state caught up in the milk price debate considers adding laws that place a cap on retail prices. Some are even considering rolling money back into the industry as financial support for farms, a source of funding that used to come from the Northeast Dairy Compact before it expired in September 2002.

In Connecticut, Attorney General Richard Blumenthal announced just after the new year legislation designed to remedy the pattern of consistently high prices. The bill would penalize any retailer determined to be selling milk at a "unconsciously excessive" price, or roughly 140% of what the retailer or processor paid.

"Something is desperately wrong with the milk market picture. Milk consumers are paying vastly more. Yet dairy farmers are receiving significantly less," he said. "Retailers and processors are reaping unconscionable profits that exploit both consumers and dairy farmers."

At the same time, authorities throughout the region, including Blumenthal, are gauging the impact of a proposed merger between H.P. Hood -- one of the complainants in the Midland Farms case -- and National Dairy Holdings. Officials fear the consolidation of the two processors will further compress the market and make it more prone to domination.

The retail-processor connection can be a strong one. Just three years ago, Blumenthal and fellow attorneys general from Maine, Massachusetts, Vermont, New Hampshire and Rhode Island launched an antitrust investigation into a deal between Suiza Foods Corp., Dallas, and Stop & Shop Cos., Quincy, Mass., New England's No. 1 supermarket chain. Under the agreement, Suiza, already the largest dairy processor in the country, was to supply the chain with private-label dairy products; the retailer also would have been prevented from selling certain brands in the dairy case. In return, Stop & Shop was going to sell its own processing plant in Readville, Mass., to Suiza.

The year-long probe resulted in a brokered compromise whereby Suiza pledged to reserve 30 million gallons of its New England processing capacity for competitors for a period of five years; Stop & Shop agreed to sell the Readville facility to an entity other than Suiza. By the time the agreement was announced, Suiza was finishing out a heavy acquisition phase that had earned it a 60% share of the New England market, according to officials' estimates.

Government limitations involving control of natural business forces like consolidation are resulting in a concentration of market power that has regulators seeking remedy on the retail end of the supply chain. One state in the Northeast region -- New York -- mandates milk retailers of any size and venue offer at least one brand of fluid milk at prices within a 200% increase of the farm price.

"They could carry any and all other brands as premium brands, and those can be over the threshold," said Jessica Chittenden, spokeswoman for the New York State Department of Agriculture and Markets. "But as long as there is one brand within the threshold, they're in compliance with the law."

Like other states, New York conducts weekly surveys at random across the state to make sure that stores have at least one brand that is selling within the threshold price. However, Chittenden noted that the law is not an absolute; it acts more as a guide.

"Certainly, down in metro New York, it's going to be more difficult to keep it within a 200% range because of overhead costs like packaging and transportation vs. a store that's in Syracuse," she told SN. "So, there is some flexibility but basically it ensures us that we are keeping the price of milk on the retail level in balance with what's being paid on the farm."

Indeed, a comparative survey conducted in November 2002 by Cotterill and his staff at the University of Connecticut documented what he found to be a wide price gap between milk prices in New England and in New York. The researchers visited 40 stores all over New York, looking for the cheapest brand available. In almost all cases, they were private label.

"Price ceilings for the same brand level -- private label -- were $2.57 a gallon on Long Island and in the metro New York area. The Hudson River Valley region up north averaged $2.41. Of the 40 stores, 25 had prices below the [state-set price] ceiling, 13 were at the ceiling, and two were above it," Cotterill said.

New England's prices were more in the neighborhood of $2.99, or 50 cents higher than those found in New York.

Even Cotterill concedes the New York law isn't a panacea for controlling retail milk prices, and there are instances, such as the two in the November study, where the price is going to be above the cap. However, the larger, overall effect is better management of prices -- and that should be the goal of New England and elsewhere where prices are high.

"This law, which should be more binding now with the low farm prices, isn't that binding but it does have a bite. Not everybody in New York is at the ceiling," Cotterill said. "It leads us to conclude that prices in New England, which are about 50 cents a gallon higher than the average prices in New York, are indeed in excess of cost. It certainly doesn't cost that much more to process and sell milk in New England than it does in New York or on Long Island."

Retailers have argued that consumption of fluid milk has fallen, and therefore, has compelled them to raise prices. Statistics from the U.S. Department of Agriculture show that in 1950, per-capita consumption of milk was about 40 gallons. In 2000, that figure fell by nearly half, to 22.6 gallons. By comparison, the consumption of soft drinks swelled from 10 gallons to nearly 50 gallons for the same period. Cotterill said retailers could play a bigger role in reversing that trend based on models he's reviewed.

"If they cut the price, the per-capita consumption of fluid milk could easily go up 10% to 15%. It's a classic industrial organization restriction of supply to elevate price," he said.

Consolidation and a coinciding decrease in the amount of milk purchased are only two factors of a multi-faced formula, however. Category management of the dairy case has taken hold. This business practice shows that retailers have realized they could make more money by charging a good price for it, Cotterill said. The days of using milk as a loss leader are long over.

"[Supermarkets] used to have a whole cooler just for milk. They might be 40 feet long, with 80% filled with gallons, half gallons and quarts of milk. Another 20% was specialty items," he said. "Over the past five or six years, that's changed to where about half of the cooler is fluid milk, and the other is high-value specialty items, which are slower-moving but very high margin. They're managing the cooler for higher margins."

In a courtroom in Chicago, attorneys representing customers of the city's two biggest retailers are trying to shed light on just how high those margins are -- and whether they're unfair to customers.

The class-action lawsuit, which began last week, alleges Jewel and Dominick's conspired to fix prices of milk between 1996 and 2000, resulting in customer overcharges of between $51 million and $125 million over four years.

In their opening arguments, attorneys for the retailers said that while shelf prices for the chains may have appeared to be near identical, the front-end price actually paid by customers often differed because of promotions and the like.

In March 2000, for example, promotions caused price differences at Dominick's and Jewel 25 days during that month, one attorney for Dominick's said.

Both retailers also acknowledged each company sends associates into stores to check prices on a regular basis, but that does not constitute price-fixing or collusion.

They also said that when wholesale prices declined dramatically in 1999, retail prices remained at the same level, despite a drop in retailer costs. That was simply a decision made as part of a larger business strategy, and had nothing to do with fixing prices, they argued. The trial is expected to last a month.

Coming in March:

Retailers react

Attachment H: Mailbox Prices October 2002 for Regions of the U.S. *Hoard's Dairyman*

HOARD'S DAIRYMAN

The National Dairy Farm Magazine

P.O. Box 801 • Fort Atkinson • Wisconsin • 53538 • Phone: 920.563.5551 • Fax: 920.563.7298

DAIRY NEWS
- Washington Dairygrams
- Upcoming Articles
- The Weather Channel

MARKET NEWS
- Daily Cheese Prices
- Weekly Cheese Prices
- Weekly Butter Prices
- Class I Mover
- Class III Price
- Class IV Price
- Monthly Milk Production
- Mailbox Prices
- CME Milk Futures

FEATURES
- Magazine Index
- Product/Dealer Listings

YOUTH CORNER
- Index
- 2-Year Colleges
- 4-Year Colleges
- Youth Quizzes
- Cow Judging Results
- Breed Organizations
- Industry Links

SUBSCRIBE
- Hoard's Dairyman
- Hoard's en Español

BOOKSTORE
- Online Bookstore

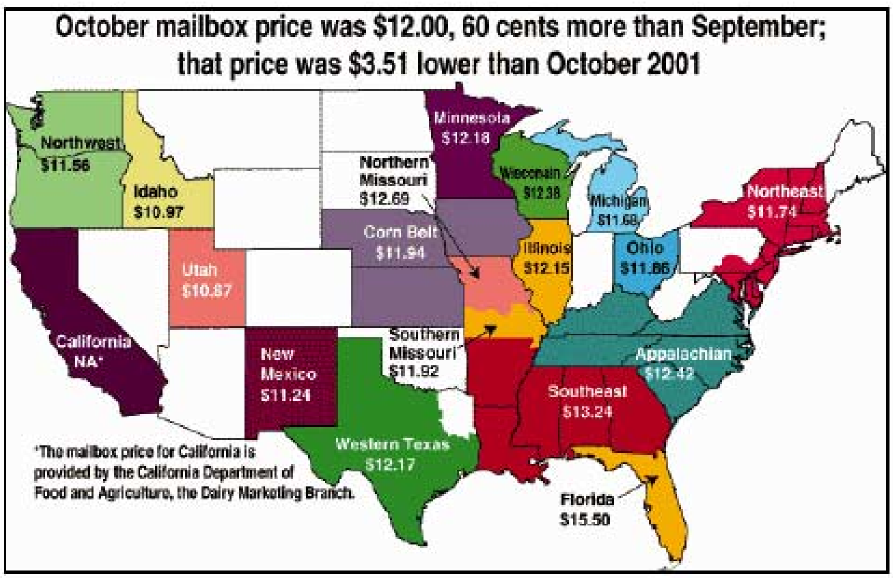
ADVERTISING
- Index
- Advertising Info
- Circulation Info
- Classified Ad Info
- Hoard's en Español
- Ad Submission Info

HISTORY
- The Hilltop Decision
- Chronology
- Unique Heritage
- Biographies

CONTACT US
- Directory
- Direct E-mail

Mailbox Prices

NEXT UPDATE Mid-February



-- **Updated JANUARY 17th:** In October 2002, mailbox milk prices for the federal order markets reporting mailbox prices averaged $12.00 per hundredweight, 60 cents more than September 2002. Prices ranged from Florida's $15.50 to Utah's $10.87. The California mailbox price is will soon be available and is calculated by the California Department of Food and Agriculture, the Dairy Marketing Branch.

Mailbox prices reflect the actual price dairy operators receive for their milk, hence the name mailbox price. Typically, they are released about 3-1/2 months following the month for which the prices apply. Mailbox prices are reported at average fat tests and reflect all premiums, as well as marketing costs, including hauling.

Attachment I: Cost of Production for selected Western U.S. and New England (Maine) Farms

AVERAGE INCOME AND EXPENSES
FOR GENSKE, MULDER & CO. WASHINGTON DAIRY CLIENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

	AMOUNT	PER CWT	PER COW	PERCENT
INCOME:				
Milk	$4,854,941	$11.44	$2,180	96.2 %
Calves and heifers	100,527	0.24	45	2.0
Patronage dividend	51,824	0.12	23	1.0
Other	38,384	0.09	17	0.8
Total income	**$5,045,676**	**$11.89**	**$2,265**	**100.0 %**
EXPENSES:				
Feed:				
Hay and silage	$1,681,331	$3.96	$755	33.3 %
Grain	1,431,647	3.37	643	28.4
Less cost of feeding heifers	(962,152)	(2.20)	(419)	(18.5)
Total feed	**$2,180,826**	**$5.13**	**$979**	**43.2 %**
Herd replacement cost:				
Depreciation - dairy cows	$287,039	$0.68	$129	5.7 %
Loss on sale of cows	203,472	0.48	91	4.0
Total herd replacement cost	**$490,511**	**$1.16**	**$220**	**9.7 %**
Other operating expenses:				
Interest and rent	$215,939	$0.51	$97	4.3 %
Labor	513,585	1.21	231	10.2
Depreciation - other	181,613	0.43	82	3.6
Milk hauling	206,082	0.49	93	4.1
Promotion	107,533	0.25	48	2.1
Supplies	403,840	0.95	181	8.0
Corral cleaning	1,091	-	-	-
Repairs and maintenance	225,616	0.53	101	4.5
Utilities	73,296	0.17	33	1.4
Environmental issues	5,185	0.01	2	0.1
Taxes and licenses	72,396	0.17	33	1.4
Insurance	44,974	0.11	20	0.9
Fuel and oil	43,720	0.10	20	0.9
Legal and accounting	19,922	0.05	9	0.4
Employee benefits	3,710	0.01	2	0.1
Veterinary and breeding	84,908	0.20	38	1.7
Testing and trimming	38,745	0.09	17	0.8
Hauling livestock	4,682	0.01	2	0.1
Miscellaneous	2,387	0.01	1	-
Less cost of raising heifers	(85,255)	(0.20)	(38)	(1.7)
Total other expenses	**$2,163,969**	**$5.10**	**$972**	**42.9 %**
Total expenses	$4,835,306	$11.39	$2,171	95.8 %
NET INCOME	**$210,370**	**$0.50**	**$94**	**4.2 %**

AVERAGE DAIRY STATSITICAL DATA:

Average number of milking cows	1,924
Average daily production per cow	81
Average butterfat test	3.46 %
Average solids-non-fat test	8.69 %
Annualized herd turnover rate	30.76 %

The above average Washington dairy income and expenses for the nin months ended September 30, 2002 is prepared from the financial statements of a large number of our clients. This is provided as a service to our clients in order to assist them in comparing their results of operations with those of averages of other Washington dairies.

This report does not statistically represent the averages for the Washington dairy industry since our client base is not a random sample of the dairy industry. It is, however, a management tool to make your financial statement more useful to you. We welcome your suggestions and comments on this report.

Source: Genske, Mulder & Company, LLP, Certified Public Accountants
9500 Haven Avenue, Second Floor, Rancho Cucamonga, California 91730

AVERAGE OF TOP 25%
FOR GENSKE, MULDER & CO. NEW MEXICO DAIRY CLIENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

	AMOUNT	PER CWT	PER COW	PERCENT
INCOME:				
Milk	$4,784,763	$11.94	$1,814	93.0 %
Calves and heifers	97,353	0.24	37	1.9
Patronage dividend	222,695	0.55	84	4.3
Other	42,194	0.11	16	0.8
Total income	**$5,147,005**	**$12.84**	**$1,951**	**100.0 %**
EXPENSES:				
Feed:				
Hay and silage	$1,141,065	$2.85	$433	22.1 %
Grain	1,578,608	3.94	598	30.7
Less cost of feeding heifers	(705,130)	(1.76)	(267)	(13.7)
Total feed	**$2,014,543**	**$5.03**	**$764**	**39.1 %**
Herd replacement cost:				
Depreciation - dairy cows	$351,037	$0.88	$133	6.8 %
Loss on sale of cows	208,720	0.52	79	4.1
Total herd replacement cost	**$559,757**	**$1.40**	**$212**	**10.9 %**
Other operating expenses:				
Interest and rent	$133,384	$0.33	$50	2.6 %
Labor	546,330	1.36	207	10.6
Depreciation - other	132,681	0.33	50	2.6
Milk hauling	232,549	0.58	88	4.5
Promotion	77,086	0.19	29	1.5
Supplies	280,619	0.70	106	5.5
Corral cleaning	18,161	0.05	7	0.4
Repairs and maintenance	161,359	0.40	61	3.1
Utilities	88,654	0.22	33	1.7
Taxes and licenses	65,054	0.16	25	1.3
Insurance	32,397	0.08	12	0.6
Fuel and oil	25,961	0.07	10	0.5
Legal and accounting	4,758	0.01	2	0.1
Employee benefits	10,367	0.03	4	0.2
Veterinary and breeding	91,092	0.23	35	1.8
Testing and trimming	11,985	0.03	5	0.2
Hauling livestock	9,372	0.02	4	0.2
Miscellaneous	1,659	-	1	-
Less cost of raising heifers	(176,283)	(0.44)	(67)	(3.4)
Total other expenses	**$1,747,185**	**$4.35**	**$662**	**34.0 %**
Total expenses	$4,321,485	$10.78	$1,638	84.0 %
NET INCOME	**$825,520**	**$2.06**	**$313**	**16.0 %**

AVERAGE DAIRY STATSITICAL DATA:

Average number of milking cows	2,181
Average daily production per cow	67
Average butterfat test	3.52 %
Average protein test	2.94 %
Average somatic cell count	215,665
Annualized herd turnover rate	30.57 %

The above average New Mexico dairy income and expenses for the nin months ended September 30, 2002 is prepared from the financial statements of a large number of our clients. This is provided as a service to our clients in order to assist them in comparing their results of operations with those of averages of other New Mexico dairies.

This report does not statistically represent the averages for the New Mexico dairy industry since our client base is not a random sample of the dairy industry. It is, however, a management tool to make your financial statement more useful to you. We welcome your suggestions and comments on this report.

Source: Genske, Mulder & Company, LLP, Certified Public Accountants
9500 Haven Avenue, Second Floor, Rancho Cucamonga, California 91730

APPENDIX: PRODUCTION BUDGETS FOR ALL THREE FARM TYPES

Appendix Table 1. Cost of Production Budget for Small Farm

Number of Cows	44		
Annual Milk Shipment (cwt)	6,611.6		
Annual Milk Shipment (lbs/cow)	15,026		
Revenue (0=reported, 1=calculated)	1		

Annual Revenue	***Total***	***Per Cow***	***Per cwt***
Milk receipts	$ 83,083	$ 1,888.24	$ 12.57
Crop and Hay Revenue	$ 2,651	$ 60.25	$ 0.40
Livestock Revenue	$ 4,316	$ 98.09	$ 0.65
"Other" revenue	$ -	$ -	$ -
Total Revenue	$ 90,050	$ 2,047	$ 13.62

Annual Operating Expenses	***Total***	***Per Cow***	***Per cwt***
Labor			
Family	$ 40,142	$ 912	$ 6.07
Hired	$ -	$ -	$ -
Management Fee	$ -	$ -	$ -
Subtotal	*$ 40,142*	*$ 912*	*$ 6.07*
Purchased Feed			
Dairy Forage	$ -	$ -	$ -
Dairy Concentrate	$ 24,000	$ 545	$ 3.63
Subtotal	*$ 24,000*	*$ 545*	*$ 3.63*
Livestock Expenses			
Breeding Fees	$ 1,400	$ 32	$ 0.21
Veterinary and Medicine	$ 2,583	$ 59	$ 0.39
Bedding	$ 1,500	$ 34	$ 0.23
DHIA expenses	$ -	$ -	$ -
Livestock insurance	$ 893	$ 20	$ 0.14
Subtotal	*$ 6,376*	*$ 145*	*$ 0.96*
Crop and Pasture Expense			
Seeds	$ 960	$ 22	$ 0.15
Chemicals	$ 660	$ 15	$ 0.10
Fertilizer	$ 1,500	$ 34	$ 0.23
Lime	$ 600	$ 14	$ 0.09
Other	$ 400	$ 9	$ 0.06
Subtotal	*$ 4,120*	*$ 94*	*$ 0.62*
Maintenance and Equipment Expense			
Fuel and oil	$ 3,200	$ 73	$ 0.48
Machinery repairs	$ 6,843	$ 156	$ 1.04
Subtotal	*$ 10,043*	*$ 228*	*$ 1.52*

Source: Professor Timothy Dalton, Department of Resource Economics and Policy, 5782 Winslow Hall, University of Maine, Orono, ME 04469

FOOD MARKETING POLICY CENTER
RESEARCH REPORT SERIES

This series includes final reports for contract research conducted by Policy Center Staff. The series also contains research direction and policy analysis papers. Some of these reports have been commissioned by the Center and are authored by especially qualified individuals from other institutions. (A list of previous reports in the series is given on the inside back cover.) Other publications distributed by the Policy Center are the Working Paper Series, Journal Reprint Series for Regional Research Project NE-165: *Private Strategies, Public Policies, and Food System Performance*, and the Food Marketing Issue Paper Series. Food Marketing Policy Center staff contribute to these series. Individuals may receive a list of publications in these series and paper copies of older Research Reports are available for $20.00 each, $5.00 for students. Call or mail your request at the number or address below. Please make all checks payable to the University of Connecticut. Research Reports can be downloaded free of charge from our website given below.

Food Marketing Policy Center
1376 Storrs Road, Unit 4021
University of Connecticut
Storrs, CT 06269-4021

Tel: (860) 486-1927
FAX: (860) 486-2461
email: *fmpc@uconn.edu*
http://www.fmpc.uconn.edu