

Cornell has a long history of commitment to dairy marketing and policy research and education, beginning in 1924 with the hiring of Dr. Leland Spencer, the first Land-Grant university economist to devote his career to the study of dairy markets and policy and a pioneer in developing this as a sub-area of agricultural economics. Today there are a number of Cornell faculty and staff who research, teach, and provide applied research and educational programs for the dairy industry, government agencies, legislative bodies and other interested parties.

Cornell University offers a rich resource base to support this program. In addition to the faculty and professional staff of the CPDMP, several other faculty working in the Cooperative Enterprise Program, the Cornell Program on Commodity Promotion Research, the Farm Management and Finance Program, and elsewhere make significant contributions to the study of dairy markets. Cornell faculty are widely known for their work related to the dairy industry, policy, and dairy products. The food scientists associated with the Northeast Center for Dairy Food Research, headquartered at Cornell, are another complement to the CPDMP.

***CPDMP Personnel:***

Andrew M. Novakovic, *Ph.D., Professor*  
James E. Pratt, *Ph.D., Senior Research Associate*  
Mark W. Stephenson, *Ph.D., Senior Extension Associate*  
Craig S. Alexander, *Extension Associate*  
Phillip Bishop, *Research Associate*  
Wendy Barrett, *Program Secretary*

**WWW URL:** <http://cpdmp.cornell.edu/>  
**Phone:** (607) 255-1581

CORNELL  
UNIVERSITY

Department of Agricultural, Resource,  
and Managerial Economics  
Warren Hall  
Ithaca, NY 14853-7801

# The Cornell Program on Dairy Markets & Policy

## The Cornell Program on Dairy Markets and Policy

is a research and extension education program of the **College of Agriculture and Life Sciences** at Cornell University. The program and its staff are located in and are part of the **Department of Agricultural, Resource and Managerial Economics**. It builds on a 70-year history of leadership and excellence at Cornell University in the area of dairy marketing.

Change and evolution are found in the history of the dairy industry as much as in any aspect of American society. Nonetheless, the dairy industry is in a period of unusual transition and turmoil for dairy farmers and dairy processors, and consumers. There has been an explosion of new technologies, changes in consumer food preferences and marketing systems, and substantial changes in government policy and programs. To respond to these challenges, the Cornell Program on Dairy Markets and Policy's mission is four-fold.

The first mission is to **educate members of industry and government agencies** on the basic economic principles and characteristics relevant to dairy markets and policy.

The second mission is to **provide and interpret market and policy information**. Dairy markets and regulation are often complex. Interpretation of what rules and events mean and how they impact the industry are offered to help untangle the issues.

The third mission is to **assist and advise members of industry and policy makers** as they seek to understand or develop dairy policies or new marketing institutions, mechanisms, and practices.

The fourth mission is to **advance a broad and integrated approach to the economic issues** and challenges confronting the dairy industry. This is accomplished by working directly with researchers and educators in other disciplines, such as food science, animal science, consumer economics, and business management.

### Recent and ongoing efforts in support of these missions include:

**Dairy Policy Issues and Options Leaflets and Workshops.** Currently there are fifty informational leaflets covering topics in dairy market structure, domestic and international policy, and federal milk marketing orders. Workshops for dairy economists and policy analysts are held annually.

**Modeling Dairy Markets for Policy Analysis.** Several computer-based models have been developed and are maintained to address geographic price relationships, government policy impacts, and federal order regulations.

**International Trade Analyses.** Impacts of the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) on dairy markets are a focus of study.

**Dairy Transportation and Logistics.** Milk hauling cost analysis computer software has been developed and is maintained. Transportation cost studies of milk assembly and product distribution are periodically conducted.

**Optimal Ingredient Use in Dairy Product Formulation.** Computer software has been developed to assist cheesemakers in decisions regarding standardization of components.

**Processing Cost Studies.** Surveys and economic engineering models are used to assess the costs involved in processing dairy products. Detailed studies of fluid milk, cheese (American, speciality, and whey products), and butter/powder plants have been conducted.

**Milk Supply—Structural Change and Cost Issues.** Regional differences in farm level costs of producing milk are collected and analyzed and financial benchmarks are published. The reasons for farm structural change, and the resulting regional impacts on markets and prices are studied.

**Price Forecasting.** A survey of milk, cheese, butter and nonfat dry milk price forecasts by industry practitioners is conducted regularly. The results are provided to interested parties. Dairy situation and outlook reports and presentations are regularly given.