



Does What Motivated Marketing Orders Still Matter?

- Maybe it does, but maybe it's not the only thing that matters.
- Hard to argue that we shouldn't have orderly marketing, stability in pricing, better market information, income adequacy.
- Is the current structure of orders, the only way to achieve these, or are there other constructs that could address the "old" goals and do a better job at meeting "new" ones?

New Goals: Growing the Pie v. Dividing the Pie

- Compatibility with export terms of trade.
- Encourage (or at least not discourage) innovation in new products and technologies
- Create an environment that does not discourage market driven plant investment.
- Encourage milk to move to its highest use.
- System should allow all producers and processors access to the full array of risk management tools.

Some changes

- An end to end-product pricing formulas
- Fewer classes-one manufacturing class
- Minimum pricing. Is it essential today?
- In defense of efficiency.
 - Gains in efficiency make the industry more competitive and free up resources that can be employed elsewhere.
 - A harsh taskmaster, but is there an viable alternative.
 - Pricing programs should encourage efficiency in processing/manufacturing and production.

Other Thoughts

- Can the market or private transactions and contracts impose discipline so that market is orderly? Is regulation essential?
- Producers need to be more connected to the market. Pool prices v. marginal value pricing.
- How do own-price elasticities of the different dairy products compare? How much value is there in price discrimination as we have constructed it? What are the costs of price discrimination?