

Agriculture by Marcia Merry

USDA fosters milk crisis

While dairymen are being driven out of business, USDA's buddies at the Justice Department sanction Bronfman's dairy buyouts.

Best estimates are that 6,000 U.S. dairy farmers will be ruined this year unless the Agriculture Department's "free market" policies are overturned. This will mean an even worse shortage of milk than the present undersupply, which is masked by the underconsumption of milk products. But so far Congress is blindly following the administration on food policy, just as it backs Bush's new world order.

There are only about 150,000 commercial dairy farms nationwide, and 4% of them are set to go under this year, according to Ed Coughlin of the National Milk Producers Federation. They cannot survive under the current low prices for their raw milk. The price has fallen from close to \$15 per hundredweight (cwt) in 1989, down to about \$10.10 at present. (A hundredweight is roughly 12 gallons.)

The steepest drop ever recorded in one month occurred between September and October, from \$12.50 per cwt down to \$10.48. In contrast, the January USDA calculations show that a parity price for raw milk should be over \$26 per cwt to the farmer, based on ratios extant earlier this century which fairly guaranteed a farmer's continuing ability to produce.

Despite the drop in farm prices, you may not see much of a corresponding drop in the price of dairy products at the supermarket. The incidents of price-gouging are so obvious that Senate Agriculture Committee chairman Patrick Leahy (D-Vt.) has recently ordered the General Accounting Office to investigate. A *Wall Street Journal* story was headlined,

"Milk Prices at the Farm Have Plunged, But Shoppers Are Still Getting Creamed."

The place where the GAO should start is not the supermarket, but the Department of Justice and USDA. These agencies have presided over the demise of hundreds of local dairy-processing companies, while a cartel of food giants has consolidated its control over processing and marketing milk.

The dramatic example in the Northeastern milk market, the biggest in the nation, is the Bronfman milk barony. Whiskey magnates Edward and Peter Bronfman have used their Food Division of Canadian-based Labatt's brewery to buy up 12 dairies, in New Jersey, Pennsylvania, Maryland, and New York, through which they dominate purchasing from farmers and sales to consumers. The companies include Johanna Farms, Abbots, Lehigh Valley, Tuscan, Jersey Farms, Queens Farms, and Green Spring Dairy. Labatt Food also packages milk for supermarket chains, including Pathmark.

The Bronfman monopoly controls about 75% of the milk marketed in the urban region from New York City to Baltimore. Phil Valenti, Pennsylvania Food for Peace coordinator for the Schiller Institute, last year asked the Federal Trade Commission to investigate and prosecute the monopolistic role of the Bronfman group. The commission has confirmed that grounds for investigation exist. But the USDA and the anti-trust division of the Justice Department have rubberstamped approval of every acquisition made by

the Bronfman Labatt's company, and by the international milk cartel giants Nestlé's and Unilever.

The cartel companies have used their dominance to impose low farm prices for milk, and the USDA has backed them. Last June 22, Charles Shaw, head of the USDA dairy analysis section, told the *Coatesville Record* in the eastern Pennsylvania dairy region: "There are just too many dairy farmers, and they're too damned efficient. The only thing to do is keep lowering the price until you kick the dairy farmer out of business. That's what's happening to the Northeast. The operations are too small, so they can't compete with other areas of the country."

In line with these sentiments, the USDA has announced that the farm milk floor price for all of 1991 will be the lowest allowable by the new farm law, \$10.10 per cwt. And contrary to the pointy-headed dairy analysts at the USDA, there will be no farmers, and no areas of the country able to absorb these low prices. In the nation's dairy state of Wisconsin, up to 4,000 farmers may go under in 1991 out of the 33,000 dairy farmers in the state.

At the National Farmers Union annual convention in Philadelphia this year, an emergency resolution on dairy farmers was passed. The NFU press release of March 5 stated, "In a special order of business . . . [we] called for immediate congressional action to increase the milk support price until Congress can put a dairy inventory management program into effect."

Earlier this year, a group of Pennsylvania dairymen broke away from the NFU and formed their own action group called Progressive Agriculture (Pro-Ag) to fight for the survival of dairy farmers. Ultimately the USDA and Justice Department's cartel-serving policies, unless reversed, will result in further drastic reduction in the milk supply within 18 months.