

## Agriculture by Marcia Merry

### Milk shortage becomes official

*Supplies are so scarce, that the 'fresh milk' you buy in New Jersey may have come all the way from the West Coast.*

**T**his past spring, *EIR* forecast that by the fall, U.S. milk shortages would show up dramatically. It didn't take a crystal ball: Fluid milk needs increase when schools reopen in September, and at the same time, the policy of the U.S. Department of Agriculture has been to depress national milk output by keeping farm milk prices at only 50% of parity (parity is a fair return level), and therefore to force farmers and dairy herds alike go out of existence.

As if that weren't enough, milk shortages were guaranteed by the USDA "Dairy Herd Termination" program of the mid-1980s, which induced farmers to take a government fee in exchange for eliminating their herds, and pledging to avoid dairy farming for at least five years. One and a half million milk cows were eliminated—over 10% of the national milk herd.

At first, in September, the reporting of milk shortages was strictly in the local news media, in accordance with the code in Washington, D.C. to continue the "rosy recovery" myth. With very few exceptions, such as parts of Texas and California, milk shortages were reported locally everywhere from Iowa to New Jersey.

Farmers reported incredible long-distance hauls of milk to fill unmet urban demands. Milk came from Washington State all the way to New Jersey (Johanna Farms) for processing as "fresh" milk.

Finally, in the first week in November, the national press reported the months-old "news" of the milk shortages. The Nov. 5 *New York Times* carried an article headlined,

"Record Milk Prices Are Expected to Rise Further; The Northeast Is 'Dealing with a Critical Shortage.'" The Nov. 7 *Wall Street Journal* headlined, "Milk Shortage Has Broad Implications, Boosting Prices for Variety of Products."

The scramble is on by food-processing firms to obtain milk products of all types, milk powder, cheese, evaporated, as well as fluid milk. According to the Bureau of Labor Statistics, the September consumer price index for dairy products jumped a whopping 6.6% from the same time period a year earlier.

National milk output is down over 2% from a year ago, when levels were already depressed by the drought.

The entire food supply pipeline in the United States is undergoing the same emptying-out process. The food isn't there as it should be—vegetables, fruits, meats.

However, the fluid milk supply is a dramatic indicator of the overall national—and international—food pipeline crisis, because milk is so perishable. When it isn't available, there is no stock to draw upon for "fresh milk."

The stocks of stored dairy products are gone. Whole nations—the Dominican Republic, Jamaica, and many Asian countries—which relied on milk powder to add animal protein for nutrition in the diet, now can obtain none. The international price has gone through the roof.

The USDA cannot obtain any powder in its own storage or on the open market for its food relief assistance to such organizations as the Women's, Infants' and Childrens' Program. For the past two months, no

food brokers have even bid on supplying government contracts for milk powder, because there isn't any to be had.

In August, the USDA announced it would no longer give free cheese to school lunch programs, because the USDA "cupboard is bare."

Enter the speculators. In Western Europe, formerly the home of the reputed "butter mountain," there are no "surplus" dairy commodities. In spring of 1988, whatever reserves were in the European Community pipeline were bought up by a consortium of "mystery" buyers, which everyone knows to be the international food cartel companies such as Nestlé, Unilever, and a few others.

In the United States, the Bronfman (Seagrams) family interests, through the Canadian LaBatts Brewery, have bought up so many dairy processing plants in the Northeast, that they control over 50% of the fluid milk sales in the Philadelphia and New York City markets.

In September, Eli Jacobs, principal shareholder in the Baltimore Orioles, moved to become a Midwest milk baron, by acquiring the Pace dairy processing facilities of the Kroger food chain. Pace plants manufacture cheese and package natural cheese.

All the while, the USDA and the Department of Justice are doing nothing to expand and safeguard the national milk supply, nor the supply of other vital commodities. The USDA is projecting that milk output will increase next spring, and that prices to the consumers will drop dramatically. There is no reasoning offered for this government view.

The Department of Justice has refused to take any anti-trust action in the case of the Bronfmans, who are now skimming millions off the farmer and consumer.