Agriculture by Suzanne Rose

Milk crisis deepens

Farm state legislators have made yet another attempt to raise dairy support prices on an emergency basis.

The Senate Agriculture Committee recently authorized a new bill, "The Dairy and Disaster Assistance Act of 1991," which calls for a $1 per hundredweight increase in the support price paid to farmers, and a voluntary milk diversion program, which means that farmers would be paid to reduce their production. The bill has met with stiff resistance from the Bush administration.

The bill, which relies on the false supply-management theory that the milk supply needs to be reduced to make the price go up, has been attacked by the administration because it calls for an increase in the support price. Since last spring, when prices to dairy farmers had sunk to historic lows, there have been two other attempts to raise the support price. Both have been defeated by threats of a presidential veto.

It is estimated by one cooperative that 1.5% of the dairy farmers in the Southeast have gone out of business in the last three months. It is also estimated that a million or more dairy cows have been slaughtered by farmers desperate to cut their costs because of the plunging prices—which remained at the support price level of $10 per hundredweight for close to a year.

Why has there been no government action to support a milk price increase, when dairy farmers are going bankrupt in record numbers? Wisconsin, the leading dairy state, estimated that it could lose up to 20% of dairy producers.

The answer is that under the administration's policy at the General Agreement on Tariffs and Trade (GATT), the free trade negotiations ongoing in Geneva, no producer price increases will be tolerated. The U.S. is demanding the lowering of price supports to farmers by 75%. As the past 20 years of U.S. farm policy demonstrate, when producer prices are lowered, the elimination of independent producers results. They are replaced by vertically organized production systems, known as factory farms, which are owned by the giant food monopolies and cartels or controlled by them, because they own processing, distributing, and marketing functions.

The National Joint Council on Food and Agricultural Sciences, charged by the Congress to plan food and agricultural policy, appointed a steering committee in 1982 representing government, industry, and academia, to plan the restructuring of agriculture in the northeastern United States. They called the project "Toward 2005." Dairy farming, the leading source of income in several of the states included in the project, was a major subject of the study, as the Northeast produces 20% of the nation's milk output.

The report released on dairy, "Toward 2005: The Northeast Food System, a Focus on Dairy," recommends increasing efficiency through "hefty reduction in the number of producers, to decrease 45%" by the year 2005. The study calls for consolidating northeastern cooperatives and proprietary milk handlers to achieve "economies of scale," and get rid of "marginal farms." The desirable number of dairy farms, according to the report, by the year 2005, is 21,650, or a reduction of almost 50%. The number of independent processors should be reduced 75%! The United States Department of Agriculture is a participant in the project, as well as the Farm Credit System and the Farmer's Home Administration.

Under "trends" the report lists, "Development of LaBatts Dairy Group." John LaBatts, Ltd. is a cartel which today dominates the milk market in the Northeast, through ownership of such dairies as Johanna Farms and Lehigh Vally. It is a subsidiary of the Seagram's whiskey empire owned by the Canadian-based Bronfman family, exposed for their organized crime connections in the book *Dope, Inc.* At a recent hearing of the Pennsylvania Milk Marketing Board to determine whether the state should continue supplementing the national support price for dairy farmers, the LaBatts representative cited the Project 2005 report to oppose the price increase. "It's futile to interfere with the inevitable workings of the marketplace which have already determined that 45% of dairy farmers will be eliminated in the Northeast," the spokesman said.

In this case, the "invisible hand" of the marketplace is attached to the arm of the U.S. government, which is keeping the support price low on behalf of monopoly interests like LaBatts.

In today's world, no argument can be made for "excess" producer capacity. According to the USDA's standard of consumption requirements published in 1950, the annual per capita requirement of milk equivalent is 602.5 pounds. Based on this figure, there is a deficit in North America of 662 million pounds of milk, and the worldwide deficit is a staggering 2 trillion pounds. In 1991, the United States produced 148 billion pounds of milk.