

## Agriculture by Marcia Merry Baker

### Falling milk prices bankrupt farmers

*Southern states are calling for federal action to save farms and the milk supply, as cartels manipulate prices.*

Since October 1996, when the milk price to the American farmer went into free fall, going down by 30% as of the new year, all kinds of farm protest actions have been staged in the remaining dairy regions of the country.

In Madison, Wisconsin, there was a rally in December at the state capitol. On Jan. 24, farmers in several states, including Wisconsin, Texas, Pennsylvania, and others, are preparing to stage a one-day "milk dumping" action, in protest over the low farm milk prices now ruining dairy farmers, and threatening public milk supplies.

On Dec. 8 in Memphis, Tennessee, representatives of 15 Southern states called for a regional "compact," to set a floor under farm milk prices. "Some kind of price stabilization is needed to save the dairy industry from collapse," said Louisiana Agriculture Commissioner Bob Odom, the initiator of the effort, according to the Jan. 8 *Times-Picayune*, the New Orleans daily.

The "bull's eye" target for all protesters—including any non-farmer who happens to like to eat—is Philip Morris, the largest company in the United States for prepared foods and beverages, and the owner of Kraft Foods, Inc., the world's largest cheese company.

Through a "market price updater mechanism," the Basic Formula Price (BFP) for most farm milk is calculated, based on the price of wholesale cheese bought and sold at the Green Bay, Wisconsin, National Cheese Exchange. At the weekly cheese sales, Philip Morris/Kraft accounts for 90% of the transactions. "Vel-

veeta-gate" is the name in Wisconsin for the many exposés of the pattern of Kraft's rigging of the cheese exchange prices.

In October 1996, the Wisconsin cheese exchange prices dropped drastically, and fluid milk prices to farmers began dropping accordingly. As described in a Jan. 7 U.S. Department of Agriculture (USDA) press release, "The Basic Formula Price for milk for November fell to \$11.61 per cwt [hundredweight], a \$2.52 drop from the previous month, and a decline of more than \$1.25 per cwt, compared with one year ago. The BFP declined further in December to \$11.34 per cwt, \$1.57 below the same month last year."

The elements of the current dairy crisis exemplify the crisis situation in all other U.S. food/farm sectors, and throughout the entire U.S. economy. Under the rationalization of "global sourcing," the United States is dependent on food imports for everything from fruit juice to onions—all giving the food cartel companies record profits and political control. Besides Kraft/Philip Morris, the other prominent names in the world dairy cartel are Nestlé, Unilever, and Grand Metropolitan/Good Humor.

The names in the beef cartel are IBP (the world's largest butcher company, and politically associated with George Bush's networks), Cargill, ConAgra, and a few others; the top four beef companies control 87% of all the beef slaughtered in the United States.

The policy demand of the South-

ern states is to dump the cartel-serving "market" pricing for farm milk, and have the federal secretary of agriculture use his regulatory authority to establish a floor of \$13.50 per hundredweight of milk, to last for a specified period.

This demand points in the right direction, toward the kind of national-interest policy responses needed in 1997, to roll back the years of "free-market" swindles and practices, now resulting in a takedown of the economic base of the nation. In particular, reinstating commodities' "floor prices," or cost-of-production, or percent-of-parity prices, starts the process of dumping the 1996 seven-year free-market "Freedom to Farm Act."

One of the reasons for the precarious situation in milk, is that the family dairy farm is a highly skilled, capital-intensive operation, producing a high-protein, perishable product.

There are only about 100-120,000 dairy farms left in the United States, down by hundreds of thousands in the last 25 years. In the whole state of Texas, for example, there are only 1,600 dairy farms. In Louisiana, in 1985, there were 1,000 dairy farms; today there are fewer than 590. When the farm goes, whole "dairy counties" go, too.

On Jan. 7, Agriculture Secretary Dan Glickman specifically opposed a floor for farm milk prices, saying that it goes against the 1996 farm law. He said he wants to "strengthen farm-level milk prices," by upping "market" demand. The USDA will purchase an additional \$5 million worth of cheese for domestic food assistance programs; accelerate cheese purchases for 1997-98 National School Lunch Program; and buy more milk powder for international food relief. Glickman also said he will have the USDA review the National Cheese Exchange and cheese pricing.