

## Agriculture by Suzanne Rose

### The real school milk scandal

*The Justice Department is investigating selected private dairies, leaving food cartels to take over, and farmers to go under.*

Just three weeks before the start of school, the Justice Department announced on Aug. 5 an investigation of selected dairies in a 16-state sweep, on charges of rigging their bids to supply milk to the nation's school lunch program. The USDA contracts with dairies to supply subsidized milk to the 24 million children in the program.

The investigations are a surprise to many, who know that supplying milk to school lunch programs is done at next to no profit to the dairies who make bids. The monopoly milk processors, such as the Labatt's chain and the big-time supermarket processors, don't bother to supply school children.

Furthermore, the number of independent dairies in any given area has drastically shrunk, as thousands went bankrupt over the past 25 years. Observers note that the Justice Department investigations may further eliminate independent dairies and help the process of turning dairy production over to the international cartels and food conglomerates.

The Justice Department's investigation of bid-rigging has so far brought indictments against 44 individuals or corporations, and 16 people have been sentenced to jail. Charges have been filed against dairies in Virginia, Texas, Florida, and Kentucky. Investigations have been conducted, or are pending, in Pennsylvania, New Jersey, Florida, Georgia, Alabama, North Carolina, Illinois, and six other states.

The charges involve alleged conspiracies to set prices and rig bids to favor certain dairies over others in the

supply of milk on contract to particular school districts and military installations. Sources have commented that this is not a lucrative area for the financially strapped independent dairy, and that the real monopoly threat to prices comes from dairies like the organized crime-linked John Labatt, Ltd., owned by the Canadian Bronfman family's food conglomerate Edper Enterprises Ltd., which also manages the Seagrams Whiskey Trust Funds of the Bronfman families.

Labatt's controls 80% of the milk processed and retailed in the northeastern U.S., dominating the fluid milk sales in the New York City, New Jersey, Philadelphia, and Delaware metropolitan areas by owning a chain of dairies, including: Johanna Farms, Abbots, Lehigh Valley, Tuscan, Jersey Farms, Queens Farms, and Green Spring, all formerly independent.

The Labatt's chain does not produce for the school milk market. The National Grange and the Schiller Institute's Food for Peace groups have demanded federal anti-trust action against Labatt's for its low prices to farmers and high prices to consumers. Beside the dairies controlled by food conglomerates like Labatt's, the most blatant areas of price rigging are in the cheese market. Kraft Cheese sets the prices to farmers on the Green Bay, Wisconsin Cheese Exchange, and has been under attack from farm organizations for maintaining artificially high prices to consumers, while gouging the farmer.

Several Southern dairies under investigation by the Justice Department

are in dire financial straits, such as Finevest Dairies, which controls Land O Sun, and Atlantic. Flav-O-Rich, Inc. of Kentucky recently agreed to settle all criminal and civil liabilities for \$5 million. It has been forced to sell off plants recently.

Poised to buy up the remaining independent dairies and profit from their legal and financial difficulties are the food cartels like ConAgra, whose cheese producer, Beatrice Foods, is one of the major cheese cartel companies in the U.S. ConAgra is making its move into the fluid milk market.

However, if the government continues to allow the record bankruptcies of independent dairy farmers by refusing to raise the support price from an all-time low of \$10-11 per 100 pounds of fluid milk (cwt), shortages will soon drive the consumer price through the ceiling.

Congress recessed in August without taking any action to forestall the thousands of imminent bankruptcies. Pending legislation involves a quota system which would limit the production of each farmer, creating more shortages, in return for a higher support price. Any action which would raise support prices to dairy farmers has met with stiff resistance from the Bush administration, whose policy is to let the family dairy farmer fall. Agriculture Secretary Edward Madigan has called the action to increase support prices a "Mickey Mouse" idea. In March, the Bush administration killed a Senate-authorized emergency increase in the dairy support price.

The administration is turning milk production over to the "free market," which, as outlined in the USDA's "Project 2005" report, would eliminate 40% of the dairy farms in the Northeast alone. The same document calls for reducing the number of dairy processing companies by 70%.