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 **System controlled by industry giants** [ Post [294448004](#) ]

**Category:** News & Opinion (General) **Topic:** Business & Economy

**Synopsis:** The Milk monopoly, and the low quality dairy products most Americans consume

**Source:** [chicagotribune.com](#)

**Published:** February 19, 2006 **Author:** Andrew Martin

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Here's a hoop that Bob Wills, the owner of Cedar Grove Cheese in Wisconsin, says he has jumped through on occasion to comply with federal milk regulations.

His milk is trucked 180 miles to the Oberweis Dairy in North Aurora, Ill., and pumped into a holding tank. Then it is pumped into another truck and sent back to Wisconsin.

Such are the idiosyncrasies of the Depression-era federal milk market order designed originally to ensure a reliable supply of the American staple.

Now the system has been exploited by industry giants, and in many cases the only clear results are higher transportation costs for some farmers and processors and higher costs for consumers.

To prevent wild fluctuations in prices for dairy farmers, the federal milk order allows them to pool milk revenues and split the pot. So even though milk that is bottled commands a higher price, a farmer who ships his milk to a butter plant gets the same price as a farmer who ships to a bottling facility.

But to participate in the federal order, a dairy farmer or his buyer is required to ship a certain percentage of raw milk each month to a plant that bottles milk.

In essence, the system is set up so that bottled milk suppliers subsidize milk used for manufacturing in exchange for first dibs on the raw milk supply.

Because of intense consolidation in the dairy industry, there are fewer companies that own bottling plants, and they have tremendous leverage over dairy farmers and manufacturers.

Dean Foods, for instance, bottles an estimated 35 percent of the bottled milk in this country. Dairy Farmers of America, or DFA, controls about one-third of the nation's raw milk.

Much of DFA's powers come from being able to decide who gets to participate in the federal pool, meaning that independent dairy farmers and smaller cooperatives must join the DFA cooperative, find an alternative or get out of the dairy business.

Furthermore, a review of public documents and USDA hearing transcripts shows that DFA and Dean Foods have led an effort to force dairy farmers to ship more milk each month to bottling plants, lobbying for changes in most regions of the federal order system.

By making their competitors ship more milk to bottling plants, the biggest players in the dairy industry have made it even more difficult and less economical for their smaller competitors to participate in the federal milk pool unless they join forces with DFA, critics say.

Both Dean and DFA declined to comment for this article.

Dana Coale, the deputy administrator for USDA's dairy programs, defended the system, saying it still ensured a reliable milk supply in parts of the country that don't produce enough to meet consumer needs. She also argued that the federal milk order provides some price stability for dairy farmers.

She also disputed critics' claims that new pooling provisions were helping DFA and others tighten their grip on the marketplace.

Coale said the USDA doesn't approve changes unless they are supported by sound evidence.

Gregg Hardy, who runs the tiny Erie Cooperative Association in Michigan, said the 20 farmers who make up the cooperative sell their milk to a local dairy manufacturing plant. But because of recent changes to the federal milk order, his members now have to ship 10 percent more of their milk to a bottling plant, up to 40 percent in some months.

"It ends up limiting what we can do and can't do. It doesn't give us free movement of milk to a free competitive buyer," Hardy said. "This is just to play the game. They keep elevating the bar to keep us from playing the game."

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**Fenelon writes:** *"When my Italian friend came to America, he remarked that "the milk is disgusting!" Now I drink Horizon Organic. Swiss Valley out of Davenport has decent milk. But most milk sold in America tastes bad. Whether the cows have mastitis, or are fed badly, or the milk is old, I don't know, but I'm disgusted that this nation with its vast agricultural resources should have such bad quality food. Food processors are abusing the farmers and the consumers. Unpasteurized milk, with all its vitamins (drinking it gives a wonderful feeling in your stomach) should be WIDELY AVAILABLE."*

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bump

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**"An ancient superstition was current in the East, that out of Judaea at this time would come the rulers of the world." -Suetonius**

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Horizon Organic, by the way, is a division Dean Foods. They are owned by a European conglomerate. Organic Valley is at least member owned and US based. Both companies' organic milk is "ultra-pasteurized", a process that denatures the milk even worse than conventional pasteurization and homogenization.

I buy raw milk from a local woman who keeps three jersey cows. It comes with three or four inches of thick cream on top of the gallon jar, for which I pay \$5. If she was selling it to the milk conglomerates she would get about \$1 a gallon, but of course she couldn't do that because she doesn't have \$50,000 or so to set up the proper stainless-steel cooling tanks etc.

Within the last month the Washington State Legislature has introduced a bill that would make it a **felony** to sell or even give away raw milk. The bill has already passed the house and is in the state senate. Who do you suppose they are helping here?

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What part of "no" don't you understand?

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