

## CONSUMER COACH

### Not Cowing Down To The System

#### Battered By Depressed Prices For Raw Milk, State Farmers Launch Their Own Local Brand

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I was at Stop & Shop and couldn't resist the eye-catching, green and yellow container of milk called The Farmer's Cow. Heck, she was looking right at me. I admit, it was impulse buying, but I'm glad I did it.

The Farmer's Cow is a landmark event in Connecticut's dairy business. For the first time, six farmers, tired of getting less money for their milk than it costs them to produce it, formed a limited liability company, created their own brand and became their own marketer in hopes of breaking even if not making a little profit.

There's a lot more than six degrees of separation between consumers and the farm. Most of us just grab the milk we want, oblivious to its social or economic consequences. Now we need to pay attention. While retail milk prices for consumers are near the highest they've been in the past few years, they're near the lowest for the farmers - and we're losing our dairy farms at a scary rate.

Twenty years ago, Connecticut had 481 dairy farms. Ten years ago, we had 289. As you read this article, 169 farms are working. We lost two since January.

State Agriculture Commissioner Philip Prelli says the price of milk for farmers dropped 40 percent this year, but consumers saw no concomitant decrease in prices at the supermarket. "Right now, a gallon of whole milk sells for \$3.75 [retail]. But the farmer gets only \$1 a gallon. And it costs him an average of \$1.60 to produce it."

No business can last upside down.

How did this happen? Milk is priced like no other food. In fact, after I started this column, I was sorry I did. It's not just complicated, it's Byzantine.

Paring it way down, the federal government sets a minimum price for milk across the country. But this puts the Northeastern farmers at a serious disadvantage, since western states have much lower operating costs and greater volume from huge herds that never graze in open fields but live in large lots. They're milk factories, basically.

New Mexico has a dairy farm starting up soon with 25,000 cows. Prelli says the largest herd in Connecticut has fewer than 1,000. Talk about economies of scale! So the big guys keep the national milk can overflowing and tamp down prices.

"Today, the Connecticut farmer is getting paid the same price he got in 1979," says Bob Wellington, economist and senior vice president for Agri-Mark, a cooperative representing 1,500 dairy producers in New England and New York. His forecast for this year is dire. "Connecticut farmers with 100 cows will lose an astounding \$80,000 in reduced income and increased production costs compared to 2003 prices. And those with larger herds will see net revenue declines of several hundred thousand dollars."

"This clearly is a crisis for dairy farms in the Northeast," Wellington warned.

Milk prices have always fluctuated, but our farmers used to have a safety net called the Northeast Dairy Compact, made of the New England states and New York, which had the authority to set higher

minimum prices than the feds. Farmers got a fairer share of milk prices without increasing consumer prices.

But in 2001, Congress, pressured by the western farmers, killed the program.

Nonetheless, our farmers have some rugged support. State Rep. George Wilber, D-63rd District, a former dairy farmer, commissioner of agriculture and champion for farmers for years, has asked for \$3.1 million in subsidies, if the state approves a bond package this summer. If

It will be welcomed, but it's just chewing gum plugging this year's deficits.

A better solution, says Wilber, is the proposed Fair Share Pricing Rule. The bill would, for example, allow retailers to keep the first 20 percent of the markup over their wholesale costs, then pay half of any additional markup (up to a cap of 50 percent) into a fund to be paid back to the farmers. Wilber says markup sharing would cut retail prices for consumers, too. (The exact percentage of markup allowed would be set by the state's Milk Regulation Board and adjusted monthly for market conditions.) Wilber emphasizes that, to work, the system has to be regional, including the southern New England states and New York. He hopes it will be introduced in the next legislative session.

State Attorney General Richard Blumenthal, who has fought against what he calls retail "price gouging" and milk industry mergers that threatened competitive pricing, says he strongly supports the concept of the Fair Share bill. "We need some oversight to assure there is fair compensation to farmers and fair prices for consumers," he said.

Ronald Cotterill, director of the [Food Marketing Policy Center](#) at the University of Connecticut and noted expert in the field, has proposed a Fair Share law for years, noting it would not increase retail prices for consumers. He called the last hike in retail profits "monopolistic."

Not so, says Grace Nome, president of the Connecticut Food Association. "The supermarket price has nothing to do with what the farmers get for their milk. Stores just price their milk competitively." Nome supports a bond money subsidy and would like to see a program like the NE Compact return.

In the meantime, six farmers have staked their future on [The Farmer's Cow](#). "We were faceless," says Robin Chesmer, one of the six, and owner of Graywall Farms in Lebanon. "We never knew what happened to our milk or where it went. Now we have an agreement with [the New Britain dairy] Guida's [Milk & Ice Cream] to segregate our milk from any other, so consumers can be sure this is fresh, Connecticut-produced milk ... with no artificial growth hormones."

"We want to stay in business. We've made substantial investments in our farms for other generations to come," he said.

But what about the rest of the farmers? The state does try to buy land to preserve agricultural space but can't do it all. If the farms are sold to developers, here's the bill: lost tourism dollars, increased demand for residential town services, no local milk to drink or to count on in a national emergency. In addition, Bonnie Burr, director of government relations for the Connecticut Farm Bureau, emphasizes the hundreds of hours the farmers spend working with environmental engineers "to protect the integrity of our environment" - and thousands of acres of gorgeous, rolling, irreplaceable countryside.

A big part of being a smart consumer is doing all you can to retain good products. Tell your representatives to support Connecticut's dairy farmers. [www.cga.ct.gov](http://www.cga.ct.gov)

*June Sandra Neal is a freelance writer in West Hartford. She was director of communications and consumer education for the state Department of Consumer Protection for 23 years.*

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