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Secretary of State calls for restrictions on milk prices

By Jennifer Peter, Associated Press, 9/4/2003 14:09

BOSTON (AP) Secretary of State William Galvin accused the state's largest supermarkets of price-gouging consumers on the cost of milk Thursday and urged lawmakers to swiftly pass a bill that would limit how much stores could charge.

In testimony before the Legislature's Natural Resources Commission, Galvin said that the high cost of milk, which rose as high as \$3.15 per gallon in some stores this summer, was unfair and unhealthy.

"Children aren't getting the milk they should or the vitamins they should because their parents simply can't afford the cost," Galvin said. "When someone's gouging on a product that's important, the state has to say so."

A consultant from the University of Connecticut, who accompanied Galvin to the hearing, estimated that some retailers were making as much as \$2 of profit per gallon.

"It's extremely, unconscionably excessive," said Dr. Ronald W. Cotterill, a professor of agricultural and resource economics at UConn.

Galvin's bill would require the state agricultural commissioner to investigate any retail milk price that exceeds 200 percent of the price charged by dairy farms.

A representative of the grocery industry called this a "simplistic" suggestion that does not take into account the many complexities and costs involved with offering milk to consumers.

Because milk is in such high demand, the stores always keep ample stock, meaning that some will inevitably spoil, according to Chris Flynn, president of the Massachusetts Food Association. There are also many public health safeguards that must be taken with milk, which is a potentially hazardous food, Flynn said.

Flynn would not reveal what kind of profit supermarkets' make on milk, but said that it is nowhere close to \$2. Gouging customers wouldn't make sense, he said, on such a popular product within such a competitive marketplace.

"We believe we have a very competitive price," Flynn said. "No one's out there

making a huge profit on milk. It doesn't make sense."