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Time To Put Dairy Farmers Out To Pasture

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April 17 2003

Dairy farmers in Connecticut, and perhaps in all of New England, should transform the cows into porterhouse steaks, sell their land to condo developers and open the world's largest public relations agency.

The financial performance of the industry for the past 30, 40, even 60 to 70 years, suggests that the dairy guys are only fair-to-middlin' businessmen, but as public relations practitioners, they're among the best on Earth.

Consumers have never stood a chance against the dairy colossus, which spent most of the 20th century crafting, tinkering with and surviving dozens of government efforts to prop it up, to artificially raise the cost of milk, to fend off competitors from foreign nations such as New York and Wisconsin.

Through it all, the dairy farmers rarely faced the bad press or public suspicion that most cartels face at one time or another. A mix of politics, nostalgia and, in recent years, the cooperation of "environmentalists" (who prefer inefficient farms to new Wal-Marts and housing developments) has allowed the dairy farmers to avoid the rigors of a real marketplace.

Despite the best efforts of thousands of exhausted marketing professionals, milk is at its heart a commodity product, which keeps prices low, enhances the competitiveness of large, efficient, low-cost providers and squeezes profit margins on small New England farms.

To be sure, the entire dairy-farm industry, from Wisconsin to Maine, has been the beneficiary of decades of regulation designed to keep them comfortably in business. New England has had a special role in protecting itself and inflicting a few extra cents per gallon on the welfare moms and other poor folks of the region.

The regulatory apparatus that has propped up the farms is so preposterous that even with the protections in place, the number of dairy farms and cows have plummeted in Connecticut - a reflection of marketplace realities that weren't to be denied. The latest blow has been the refusal of an embarrassed Congress to reauthorize the Northeast Dairy Compact, a modern-era tool to artificially prop up prices and keep out the evil-demon milk from New York state.

The Connecticut dairy farmers have turned on the publicity and lobbying machine, resurrecting an old villain (the evil "middlemen"), who is artificially raising the price of milk, with none of the ill-gotten gains dribbling down to the poor farmers. Connecticut Attorney General Richard Blumenthal, who acts as commissar of agriculture in his spare time, has championed "An Act Concerning the Fair Price of Milk," which would establish a clunky price mark-up system that would fiddle with milk prices to benefit the farmers (but not, of course, the consumers, who are irrelevant in this game). In addition, of course, Blumenthal will investigate those evil middlemen.

Although you wouldn't necessarily know it from the local news media, this full-court press for a new round of protectionism did not spring from Connecticut. Almost like magic, the dairy lobby in Maine ("emergency" support payments) and Vermont (deferred debt repayments and government loan guarantees), among others, have suddenly found yet another set of excuses to prop up the dairy guys.

The old justification for decades of rickety regional dairy protectionism rested on the lack of refrigerated trucks that could move milk from here to there. The problem has long since disappeared, but the protectionism lives on.

There is an instinct to wish for a return to the good old days when dairy farmers competed like everybody else. In fact, there never really was a good old day for the dairy guys. Even in the 1930s and 1940s and 1950s, the Agricultural

Marketing Agreement and the Boston Milk Price Formula and any number of other legislative initiatives were in place to coddle the cows. There was even an industry effort at one point to mandate that milk couldn't be delivered on Sundays in those cute glass bottles.

Got milk? More likely, we'll continue to get milked.

Laurence D. Cohen's column appears every Sunday and every other Thursday. To leave him a comment, please call 860-241-3643.

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