

Dairy déjà vu

Presented by

United States Dairy Farmers and Friends "United We Stand...Coast to Coast"

Tammy Graves, communications support

usdairyfarmers@yahoo.com 315-858-0163

HISTORICAL PERSPECTIVE OF THE 2009 DAIRY DISASTER

Although strikes in the New Deal era are usually associated with organized labor, farm strikes or "holidays" also played an important role in shaping New Deal politics. By 1931, a large and angry agrarian insurgency had emerged in the Plains states. The largest and most infamous farm strike organization was Milo Reno's Farmers' Holiday Association. This group of prosperous and usually quiescent Corn Belt farmers pressured the Roosevelt administration to address the escalating crisis in the Farm Belt with a series of "holidays" or farm strikes in 1933.

What is perhaps less well-known is that dairy farmers were the driving force behind the early farm holiday movement. There were "milk wars" in St. Louis and central Illinois in 1931, and "holidays" in the Houston, Sioux Falls, Atlanta, Chicago, and Indiana milk markets in 1932.[1]

The largest Midwestern milk strike was the Sioux City Milk War of 1932, which was sparked by the **"spread" between retail and farm milk prices in Sioux City, Iowa.** Dairy farmers received just two cents per quart from local processors, while consumers paid eight cents per quart in Sioux City.

In New York State, the Depression hit dairy farmers equally hard. Dairy producers reeled under the combined effects of the same forces that had produced the Midwestern strikes: decreased demand for milk and low farm milk prices. Like their Midwestern counterparts, with technological advances New York dairy farmers had greatly increased their capacity to produce milk. Further, a wave of retail price cutting swept through the New York City milk market in the early 1930s, which had a negative impact on both farmers and milk dealers. As a result of this cutthroat competition, market relations nearly collapsed; according to the New York State Department of Agriculture's annual report, "At the close of 1931 prices paid to producers were lower than in many years." [3]

In 1933, the New York State Legislature convened a special investigative committee, named after Watertown state Sen. Perley Pitcher, to study the consequences of the collapse in milk prices.[4] The Pitcher Committee quickly identified the immediate problem: farm milk prices had fallen well below the farmers' cost of production. For example, the average price paid for one hundred pounds of milk (hereafter abbreviated cwt) with a 3.5% butterfat content reached ninety-nine cents in April, 1933. In January, 1931, farmers had received \$2.25 for the same amount of milk. [5]

As a result, according to the New York State Milk Control Board: "Prices paid for milk had fallen to such a low level that dairymen could not possibly meet their most pressing obligations. Even the bare necessities of life could not be secured by many farm families, and many dairymen were threatened with the loss of the farms and homes in which their meager lifetime savings were invested." [6]

Perhaps most importantly, the report cited the destructive trade practices among milk dealers—in particular the dealers' recurring practice of cutting retail prices in the lucrative New York City milk market.

In the 1930s, three powerful corporations, the United States Dairy Products Company, Borden's Condensed Milk Company, and Sheffield Farms Milk Company, handled two-thirds of the fluid milk sold in New York City.[8] Because these firms dominated the New York metropolitan market, they had to carry excess fluid milk capacity, called surplus milk, in order to satisfy demand during the fall and winter when farmers produced less milk. The dilemma for the "Big Three," as they were known, was to keep retail milk prices high enough to pay for this excess fluid capacity. Smaller dealers, in contrast, carried no surplus and thus could afford to cut prices below that of the large dealers. While retail price cutting often offered the small milk handlers a competitive advantage, the practice of cutting prices locked them into an ongoing price war with the Big Three. As a 1934 Milk Control Board report concluded: "Price cutting by milk dealers [in New York City] had reduced, and in some cases destroyed, [the milk dealer's] income." [9]



In New York, however, the problem was that small dairy farmers were not represented in their own industry, nor for that matter in electoral politics.[15] **Instead, an "interlocking directorate of farm organizations, politicians, publishers, alleged co-ops, and Cornell University" ruled the dairy industry in the interests of the milk dealers.** This milk trust operated on the principle of "[t]he working farmer be damned." [16] A further problem was that the DFU's main constituency of small, independent dairy producers possessed few tangible resources upon which to build an effective organization. Unlike New York's larger and more prosperous dairy farmers, the typical small producer had little money or time to devote to politics, and lacked the communication skills and political connections that were effective in local- or state-level politics.

Beginning in 1883 with the Orange County Milk War, Empire State dairy farmers had often resorted to strikes against the New York milk dealers when they believed they were not receiving a fair price for their milk. In the 1930s, farmers had obviously demonstrated a similar sense of shared exploitation.

Source: *The 1939 Dairy Farmers Union Milk Strike in Heuvelton and Canton, New York: The Story in Words and Pictures*

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Author, Thomas J. Kriger, is associate director of research/legislation at United University Professions, the union that represents academic and professional employees in the State University of New York (SUNY) system. He has taught at St. Lawrence University, Providence College, and the University of Northern Colorado. From 1980 to 1993, he was assistant manager of Ontario Orchards Farms, one of the largest fruit and vegetable farms in central New York.

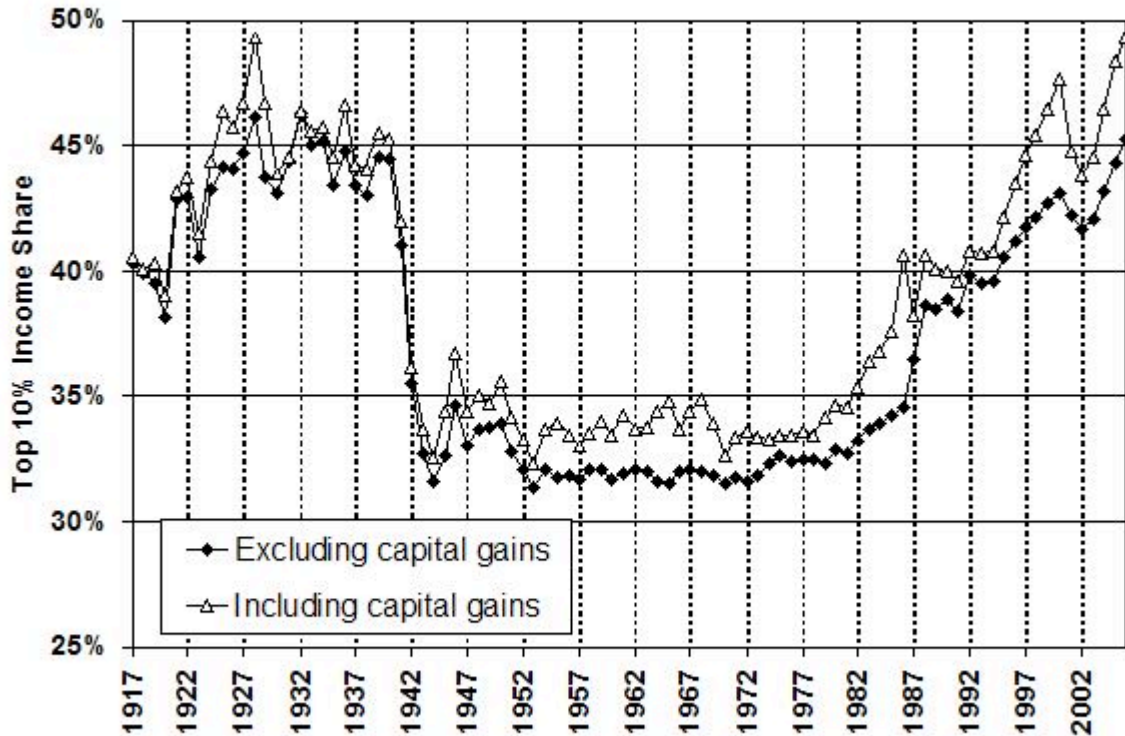
Comments: jmmh@csc.albany.edu

Please note: Time Magazine article entitled Barack Obama can Learn from FDR (July 6, 2009 issue). compared the Obama Admin. to the FDR area and the similarities of the Great Depression with today. President Obama, "The moment is full of peril but full of possibility." And at such times the political system moves effectively."

Transfer of Wealth déjà vu

Source: John Bunting

Prior to The Great Depression, the wealthiest Americans held upwards to 50 percent of the economy's profits. Wealth was redistributed among Americans after The Great Depression. With changes to the milk pricing system during President Reagan's administration in 1982 (see Milk Production and Parity below), the imbalance of wealth began to exhibit itself again. In 2009, reversing this trend is necessary for America to have a viable future.



Milk Production & Parity

