

Law Requires USDA to Adjust Milk Prices for Grain Costs

by John Bunting

If ever there was a time to implement the law of the land, specifically the Agricultural Marketing Agreement Act of 1937 (7 U.S. Code) relative to current farm milk price, the time is now! Particularly, 7 U.S. Code § 608c (18).

This section requires the Secretary of Agriculture to adjust farm milk price within all Federal Orders to “reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk or its products”. Currently, for example, one product, non-fat dry milk is not to be found.

However, it is “to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs, and be in the public interest.” Some might wish to argue those points. Others might suggest it is difficult to determine what exactly is the “public interest”. As difficult as that may be, one thing is for certain, the interest of the public is being ignored while a corrupt system which serves corporate interest only is allowed to continue unfettered.

Given the current global conditions, the public’s interest would be served by having a dispersed, resilient food supply system where dairy farmers throughout the country could make a profit.

USDA has argued the Federal Agricultural Improvement and Reform Act of 1996 – the 1996 Farm Bill – eliminated 608c (18). Nothing could be further from the truth.

In late 1999, United States District Court Judge, William Sessions III, in the case of St. Albans Cooperative Creamery, Inc., et al., plaintiffs versus Dan Glickman, Secretary of Agriculture issued an opinion and order regarding federal order reform.

Judge Sessions referred to 608c (18) repeatedly. Judge Sessions wrote on page 24, “Defendants counsel conceded in oral argument that the only consideration of such factors prior to the announcement of the final order was indirect.” According to Judge Sessions, “had such indirect consideration been sufficient, Congress would not have gone to

U.S. Code TITLE 7 CHAPTER 26 SUBCHAPTER III § 608c 18

(18) Milk prices

The Secretary of Agriculture, prior to prescribing any term in any marketing agreement or order, or amendment thereto, relating to milk or its products, if such term is to fix minimum prices to be paid to producers or associations of producers, or prior to modifying the price fixed in any such term, shall ascertain the parity prices of such commodities. The prices which it is declared to be the policy of Congress to establish in section 602 of this title shall, for the purposes of such agreement, order, or amendment, be adjusted to reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk or its products in the marketing area to which the contemplated marketing agreement, order, or amendment relates. Whenever the Secretary finds, upon the basis of the evidence adduced at the hearing required by section 608b of this title or this section, as the case may be, that the parity prices of such commodities are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area to which the contemplated agreement, order, or amendment relates, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs, and be in the public interest. Thereafter, as the Secretary finds necessary on account of changed circumstances, he shall, after due notice and opportunity for hearing, make adjustments in such prices.

such lengths in drafting § 608c (18)’s explicit requirements that feed cost of other regional economic considerations be accounted for in the setting of milk prices.” Clarifying the matter even further, Judge Sessions said, “indirect consideration of regional economic factors is imprecise, direct consideration of these factors is required by AMAA.”

So, while the ill informed and the conniving might say § 608c (18) no longer applies, it is still very much the law of the land and there is case law to back it up.