

**The Dairy Compact is not Dairy Socialism,  
Lactose Leninism, nor is it a Cartel**

By

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## **The Dairy Compact is not Dairy Socialism, Lactose Leninism, nor is it a Cartel**

We have read with dismay the op-ed pieces and political pundit pieces that openly mislabel the Dairy Compact program as the “dairy cartel” and “lactose Leninism” (Murdock, *Hartford Courant*, 6/10/01 p. C3) and “dairy socialism” (Chait, *New Republic*, June 11, 2001, p. 23). This, pure and simple, is red baiting. Free speech is guaranteed by the Bill of Rights. Can clear thinking Americans remain silent when dairy farmers and others who support the Compact are labeled socialists and communists? The Compact is not socialism, the public ownership and operation of industrial firms. It is not Leninism, which is socialism plus dictatorship rather than democratic socialism such as has existed in Western Europe. The International Dairy Foods Association, the trade association of the dairy processors is the prime source of this campaign of distortion and defamation. Is this the best that they can offer the public? They should be ashamed for abusing free speech in this fashion. Senator McCain was correct when he called organizations such as IDFA, the “K street bullies.”

The cartel moniker is equally perverse. By definition, a cartel is a combination of sellers such as OPEC that seek to control price. The Compact is a public agricultural price program directed by a commission that includes processors, retailers, and consumer representatives as well as farmers. As such, it is not a cartel. Government involvement in agricultural pricing since the 1930's is not cartelization.

A careful reading of economic history shows that the public agricultural pricing programs of the 20<sup>th</sup> century were instituted as an alternative to cartelization with its exercise of private economic power to stabilize inherently unstable agricultural markets.

In the depths of the great depression Franklin Delano Roosevelt observed that his economists were resisting agricultural policies that would elevate farm income because those policies would give private firms, in that case farmer cooperatives, the power to set market prices. President Roosevelt's response essentially was the following statement. We will sanction price elevation but we will have the government do it. The public interest not private economic power will serve as the governor of the agricultural economy (Schlesinger, 1957).

Today we face the same issue of private economic power; however, we face it in triplicate. Private power exists at the farmer cooperative, processor, and retailer level. Based on our economic research we think Franklin Delano Roosevelt's solution is more timely and appropriate than ever. The public interest should supercede private cartels including tacit collusion of the sort observed in this industry.