



Conservation Law Foundation

**Statement of the Conservation Law Foundation
in Support of the Northeast Interstate Dairy Compact**

**Before the Northeast Dairy Compact Commission
June 6, 2001**

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The era of globalization has reached both our dinner tables and the farms that have historically produced the food we eat. We cannot foresee all the effects, but one thing is certain: the people of Massachusetts, and indeed all of New England -- consumers, farmers, and those involved in food processing as well -- need mechanisms for managing the impact of globalization on their food system. The Northeast Interstate Dairy Compact provides one such mechanism. It protects consumers *and* farmers *and* the environment, and represents a model of how New England can take control of its destiny and manage resources for the benefit of all its citizens in the face of changing pressures from beyond its borders. The Conservation Law Foundation is a nonprofit, member-supported organization that works to solve the environmental problems that threaten the people, natural resources, and communities of New England. We firmly support the Compact as a means of protecting the interests not just of farmers but of all Massachusetts citizens and their environment.

New England's Dairy Farm Crisis

This is an appropriate time to confront some hard truths about dairy farming in Massachusetts and the rest of New England. In 1985, there were 1.9 million acres of dairy farmland in New England. In 2000, just a decade and a half later, there were only 1.3 million acres of dairy farms. In other words, about 600,000 acres of dairy farmland -- almost one-third of all the dairy farmland in the region -- was lost to other uses during a few short years. We know that during that the same period Massachusetts lost 38% of its total

dairy farmland. This rate of decline is particularly significant, since our heavily urbanized and suburbanized state had less farmland to spare to begin with. There are now a mere 261 dairy farms left in Massachusetts, occupying 114,000 acres. Those farms represent an important food source, and they also represent irreplaceable open space and a cultural resource.

A major reason for the steep decline of dairy farming in the region is something few New Englanders know exists: the federal milk price-fixing system. That system is not designed to serve the distinctive needs of Massachusetts and the region, and does not in fact serve those interests. The federal "milk marketing order" is not controlled in any way by New Englanders -- not by New England's consumers, not by New England's farmers, not by New England's food processors, not by New England's public officials.

The federal milk marketing order has been stunningly unresponsive to the needs of Massachusetts. Prior to the Compact, prices New England farmers receive for liquid milk had often been set below their costs of production, at times by more than 25%. Others here today can recount this sorry history in detail. I will simply point out that the federal government's practice of setting liquid milk prices below farmers' cost of production has had utterly predictable results. Dairy farms have been going out of business fast, their land has been going out of production, and the life expectancies of the farms hanging on have been short.

In Massachusetts, the victims of the federal milk marketing order have been overwhelmingly family-owned businesses. According to the Massachusetts Department of Food and Agriculture, 97% of Massachusetts's dairy farms are family-owned. By and large, Massachusetts's dairy farms -- like its fishing boats -- are owned and operated by working people trying to make ends meet.

The Northeast Interstate Dairy Compact: A Home-Grown Solution

The Conservation Law Foundation believes that the reauthorization of the Dairy Compact is the single most important New England land-use legislation this Congress will take up this year and we are working hard on all

fronts to ensure its support and to turn out the environmental constituency so critical to its passage. In explaining why the Dairy Compact is good for consumers, farmers and the environment we focus on 3 key points:

(1) The Dairy Compact Means Lower Costs and Fresher Milk for New England Consumers

Without the Dairy Compact, New Englanders would face a substantial loss in the supply of fresh local milk. Should they have to look outside the region for their milk, New Englanders would have to pay up to an additional 67 cents per gallon in transportation costs to get milk from as far away as Wisconsin. The result would be higher prices and lower quality milk. Consumers also benefit from price stabilization, which has the effect of reducing the amount that they pay to the middlemen.

The Dairy Compact also helps protect consumers from monopolization of dairy processing in New England. The nation's largest dairy processor, the multinational, Dallas-based Suiza Foods Corporation, recently acquired 70-80% of Massachusetts fluid milk processing capacity. If milk production within New England diminished, because dairy farms could not make ends meet and went out of business, the remaining regional processors – who represent Suiza's only remaining competition – would fold up too. Consumers and public programs that provide milk for kids would be at the mercy of Suiza Food Corporation.

University of Connecticut Professor Ron Cotterill's study on the impacts of the Dairy Compact, to be discussed later today, suggest that industry profit taking by supermarkets and milk processors and cost increases not related to the Compact are responsible for a full 84% of the increase in retail prices in New England during the 3 years since the Compact's implementation. In fact, according to the Cotterill study, the Dairy Compact was responsible for only 4.5cents of the 29 cent increase in average retail prices since the implementation of the Compact – a small price to pay for fresh milk and open space.

(2) The Dairy Compact Means Stable Prices for Farmers

Before the Dairy Compact went into effect, there were wide fluctuations in the federally dictated price paid to farmers for their milk. The Compact, in setting a price floor for New England milk, provides a critical safety net for New England dairy farmers by ensuring a fair and stable price that helps farmers recover their cost of production while producing an adequate supply of fresh milk for the region. For many Massachusetts farmers, the Compact has made the difference between staying in business and selling the family farm.

Price stabilization benefits consumers too. When farmgate prices fluctuate, retail prices keep pace as farmgate prices are on their way up, but decrease more slowly when farmgate prices are on their way back down. Milk price spikes enable middle men to increase their “take” at consumers expense, without benefiting farmers.

(3) The Dairy Compact Protects Open Space and the Environment

The Dairy Compact is a critical bulwark against sprawl that is rapidly devouring valuable open space throughout New England. In Massachusetts, the compact is helping to protect 113, 636 acres of irreplaceable open space and the critical environmental amenities that come with it.

Indeed sprawl is a huge threat to the well being of all New Englanders and the countryside that so characterizes this region. New on the horizon are growing population groups such as empty nesters and retirees who are not tied to urban or suburban workplaces and school districts and who are turning parts of New England formerly thought to be beyond sprawl into 5 and 10 acre subdivisions. The threat to sprawl isn't just a southern New England problem anymore.

A recent study of the Lake Champlain basin suggests that sprawl generates far more pollution on a per acre basis than any other activity. This study found that nearly 1/5 of the phosphorus pollution that is causing severe eutrophication problems in the Lake comes from 3.9% of the land that has

been developed for urban and suburban uses. Again, mechanisms like the Northeast Dairy Compact that make farming more viable protect us against sprawl.

For many or most towns that lose dairy farms, the homogenization of the landscape will have continuing adverse fiscal consequences. According to cost of community services studies by the American Farmland Trust, for every \$1.00 in local revenues that farmland produces, on average only 40¢ in local expenditures for town services are required. On the other hand, for residential property, for every \$1.00 in local revenues produced, an average of \$1.09 in local expenditures is required. Farms are net revenue producers and subdivisions are net revenue losers.

It is such a combination of environmental, cultural, and fiscal considerations that has led town meeting voters in communities such as Billerica, Concord, Methuen, Ipswich, and Walpole to approve using substantial amounts of their own property tax dollars to protect farms remaining in their communities. The same considerations also recently led former New Jersey Governor Christine Todd Whitman to put forward a plan for spending vast sums to acquire farmland in that state. Sprawl improves neither the quality of life nor fiscal well being in Massachusetts towns. Continuing the revitalization of our towns and cities is one part of the alternative to sprawl, and protecting our farms is another. The Compact helps protect dairy farms on a large scale, lessening the need for towns like Billerica and Concord to buy protection on a farm-by-farm basis or deal with the costs of new subdivisions.

Conclusion

Massachusetts is at the end of the energy pipeline, and we pay high energy costs because of it. We shouldn't put ourselves at the end of a milk pipeline, too. Keeping New England's dairy farms in operation is good for the environment, good for the character of the region, and good for consumers. Providing a living wage for dairy farmers is a not just a good farmer and consumer protection strategy, it's a good environmental protection

strategy as well. As of yesterday, 24 public interest groups throughout New England have pledged their support for the Dairy Compact (see attached list).

Conservation Law Foundation is looking forward to working with all of you to see the reauthorization of the Northeast Interstate Dairy Compact this year. Thank you.