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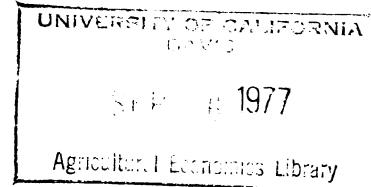
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## CONSUMER INTERESTS AND FEDERAL DAIRY POLICY

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## CONSUMER INTERESTS AND FEDERAL DAIRY POLICY

### I. Introduction

Milk has always been one of the most "political" commodities produced by American farmers. The dairy industry's size, contribution to the American diet, and unique marketing problems have led to an "exquisitely complicated" system of regulation.<sup>1</sup> Since the 1930s, federal dairy policy has usually been set within a classic "subgovernment", including producer groups such as the National Milk Producers Federation (NMPF), the House and Senate Agriculture committees, and the USDA marketing authorities. Ripley and Franklin have identified this system as one which illustrates "the long-term entrenchment of subgovernments in the agricultural policy area."<sup>2</sup> This paper traces the evolution of the dairy subgovernment since 1933, with specific emphasis on (1) patterns of interaction among industry groups, regulatory officials, and the Congress, and (2) the mechanisms through which the more diffuse interests of consumers have been represented in policy decisions.

Underlying this analysis, of course, must be some assumptions about the nature of "consumer interests." Even recent consumer advocates have failed to agree upon a substantive definition, except perhaps "the lowest possible retail milk prices over the long run," a goal lending itself equally well to myriad short-term policy prescriptions. Assuming, however, that consumers will usually favor "low-price" policy alternatives, we suggest that such interests are represented in pricing decisions when forceful cases are made to key policy makers on behalf of lower or stable milk prices, besides the "typical" industry argument for higher returns. Implicit within this definition is the possibility that "consumer interests" may on occasion be advanced by organizations other than those representing the ultimate consumer. Such consumer advocacy within the dairy subgovernment will receive attention, in addition to that provided by elected public officials and by self-designated consumer spokesmen.<sup>3</sup>

### II. The Emerging Dairy Subgovernment: 1933-1950

Despite brief U.S. government involvement with milk prices during World War I, the Agricultural Adjustment Act of 1933 instituted the first sustained federal dairy regulation. By 1940 two interrelated programs influenced milk marketing, each sponsored by a major industry sector to deal with its characteristic problems: federal marketing orders, designed to stabilize fluid milk markets, and price supports for manufacturing milk products. This "double program" was largely the handiwork of the National Milk Producers Federation, the dominant producer coalition.<sup>4</sup>

The most elaborate regulation evolved in the fluid milk sector, where for fifteen years prior to 1933 the larger cooperatives had sought bargaining power through classified pricing, base-surplus plans, and elaborate pooling arrangements. Despite considerable success during the 1920s, few cooperatives achieved market control, as independent producers

and some dealers gained competitive advantage by undercutting cooperative pricing. Declining demand for milk after 1929 led to vicious competition for markets, milk strikes in several areas, losses in cooperative membership and generally chaotic marketing conditions, which emergency stabilization campaigns by major cooperatives, allied general farm organizations and President Hoover's Federal Farm Board failed to alleviate.<sup>5</sup>

With the advent of the Triple A, these cooperatives, working through the NMPF, sought federal licenses enforcing the pricing and marketing agreements arrived at by the major cooperatives and larger dealers. In essence, this involved imposition of existing cooperative practices on all market elements, an approach which was temporarily stymied by minority opposition, AAA reluctance to adopt some prevailing arrangements, various legal problems, and the Dairy Section's inexperience in regulating a complex industry. The NMPF's manufacturing cooperatives ("butter groups") also sought to use marketing agreements to halt declining prices, but without success, and quickly turned to government price support purchases as a preferable strategy.<sup>6</sup>

In 1934 an alternative AAA proposal for national milk production control was scuttled by the NMPF, despite vigorous Administration and farm group support. Over the next four years the NMPF's constant lobbying established the legal basis for the "double program" in the 1935 AAA amendments, the 1937 Agricultural Marketing Agreements Act, and in features of the 1938 Agricultural Adjustment Act. In the fluid milk sector, new "federal orders" permitted the Secretary of Agriculture to impose prices on all handlers of milk in a marketing area, provided only that two-thirds of all producers approved by a referendum in which cooperatives could "bloc vote" their membership. This legislation also facilitated support of manufacturing milk prices through surplus purchase and distribution programs.<sup>7</sup>

As the system gradually matured after 1938, the classic symbiosis between the regulated and the regulators quickly appeared. This was especially true in the federal order system. Not only were the marketing structures and practices used by the fluid milk cooperatives and major handlers adopted as the basis of regulation, but these organizations were the major channels through which the system operated. The size of the regulatory task, the AAA's lack of money and trained staff, the necessity of industry cooperation, and the dependence on the industry itself for necessary information, made "capture" almost inevitable. As early as 1938, the AAA annual report noted this relationship:

The relationship between cooperatives and the Federal milk program is much more important than is indicated by these various provisions of the [1937] act. A strong cooperative is necessary to an effective program in a market. The Administration has entered no market except on the specific request of a strong, organized group of producers. No attempt is made to solicit marketing agreements and orders. If no request is made it is assumed that local elements are adequately handling the

situation. Once a request is made for a Federal program it has been the experience that only through the cooperative association can the necessary information for the market be obtained.<sup>8</sup>

Other features of clientelism soon appeared: extensive interchange of personnel between industry and agency, frequent personal and social contacts between private and public officials, and industry concern for the agency's political autonomy.

The cooperatives' gains from these ties were quite evident. From the late 1930s onward, federal orders fostered market stability, enhanced prices somewhat, and rendered the classic "milk strike" obsolete. In addition, cooperatives flourished under regulation, as imposition of uniform marketing practices reduced incentives for "free-riding" among dairymen. Administrators trained in the Dairy Section and local market offices also supplied a pool of manpower for the revived organizing of the 1940s, creating new cooperatives which bypassed private stabilization in favor of immediate federal regulation. By the early 1950s, over forty federal orders regulated most larger urban markets.<sup>9</sup>

The same clientelism appeared in the manufacturing sector, with somewhat less intensity. The NMPF's butter groups usually preferred to rely on import restrictions, taxes on substitutes and modest government relief purchases to stabilize prices, but when vigorous market intervention was required the same producer-agency nexus appeared. For example, in 1938 the AAA delegated money and authority to the Dairy Products Marketing Association (DPMA) to make substantial price support purchases. Headed by NMPF vice-president John Brandt, the DPMA was dominated by Federation members to the exclusion of other industry associations. In 1949 the price support program was made mandatory, but was thereafter carried out through public channels.<sup>10</sup>

### III. The Consumer Spokesmen

These clientele incursions were not uncontested by consumer spokesmen, but their voices were progressively weakened. In early AAA hearings on fluid milk regulation, public health officials, women's clubs and welfare organizations often demanded lower prices, but as regulation grew in complexity few local groups had the finances, expertise or political sanctions necessary for effective participation. By the early 1950s, consumer appearances were extremely rare.<sup>11</sup>

Nor did public officials fill the gap. Sporadic curiosity about milk prices led some urban congressmen to back FTC and Temporary National Economic Committee investigations, but sustained involvement was confined to the NMPF-sponsored "Dairy Bloc" of rural legislators, centered in the House and its Agriculture committee. The lone institutionalized challenge to the evolving subgovernment came from the AAA's Consumers Counsel office, established at FDR's insistence in 1933. Under reformer Frederic C. Howe, the Counsel's staff of twenty devoted much energy to the highly symbolic

milk question, whipping up local consumer opposition to higher prices. Dismissed in February 1935 in a "purge" spearheaded by the dairy cooperatives, Howe was succeeded briefly by economist Calvin Hoover, and then by Donald Montgomery, whose persistent objections to prices in several Eastern orders influenced Dairy Section policy, but did nothing to solve the Counsel's political predicament. Lacking a vocal constituency, the office survived only with Secretary Wallace's backing and was finally abolished in 1942.<sup>12</sup>

Only the onset of World War II and sky-rocketing milk prices focused top-level executive attention on dairy issues. Determined to put a lid on food costs, Roosevelt managed to impose effective OPA controls on producer prices, despite bitter resistance from the NMPF and its congressional allies. When milk supplies dwindled as farmers channeled productive resources into more lucrative endeavors, massive subsidies were employed, despite continued cooperative opposition. Although some policymakers envisioned continuation of controls and direct subsidies into the post-war period, NMPF resistance ended such schemes.<sup>13</sup>

Under peacetime conditions, however, neither organized consumers nor public officials constituted the most effective checks on administrative price-boosting, but rather various industry groups, protecting consumer interests in the course of guarding their own. Processors, milk dealers, manufacturers and other trade interests usually favored low-price policies to maintain sales volume and profits. Although such groups did not always carry much weight with the USDA, the same factors often influenced many cooperatives. The managers of the manufactured product sales agencies, such as the powerful Land O' Lakes Creameries, feared that higher prices would prompt sales losses and consumer shifts to substitutes. These same groups viewed with distaste the more exorbitant price demands of NMPF colleagues in some federal orders which only encouraged surpluses inevitably "dumped" on their own market. Even within the fluid milk sector, the "operating" cooperatives felt similar concerns over the more aggressive price policy of many "bargaining" agencies.<sup>14</sup>

These intraindustry conflicts unquestionably limited price enhancement, although the effect was often modified by tacit political understandings. Trade interests often reconciled themselves to regulation and somewhat higher prices, while the NMPF's fluid and manufacturing milk cooperatives either coupled their separate claims in pragmatic logrolls or followed a policy of mutual noninterference. Still, the NMPF's price policy was for the most part a conservative one, far less damaging to consumer interests than the production controls sometimes espoused by the USDA and Farm Bureau, or the radical schemes of "splinter" groups such as the Wisconsin Milk Pool or the New York Dairy Farmers Union.<sup>15</sup>

Thus, the first two decades of federal regulation reveal some clear patterns: (1) early development of intensive clientele relationships between regulators and the industry, especially producer groups; (2) ineffective consumer involvement, only limited success by "inhouse" consumer advocates, but considerably greater impact by top-level executives when milk prices became a salient political concern; and (3) less damage to

consumer interests than might have been expected, given the industry domination of regulation, due largely to the conservative perspective of important industry groups and to a certain degree of competition among them.

#### IV. Fragmentation Within the Subgovernment: 1950-1965

During the 1950s and 1960s the NMPF sought to develop regulatory responses to the chronic problems of surplus production and low prices which plagued the industry. Although the Federation developed proposals for increased price protection, greater industry self-regulation, and additional cooperative bargaining power, the growing fragmentation of producer interests, addition of new actors to the subgovernment and partial disintegration of old alliances ultimately limited political success. In key policy debates, important farm groups defended policy options which might have been backed by the nonexistent consumer groups. And, in some instances, internal subgovernment conflicts invited or required intervention by the President, other executive officials or urban congressmen, all more sympathetic to consumers.

The subgovernment's policy control was especially threatened by intensifying conflict between competing regional and product interests among producers. The NMPF's coalition of manufacturing and fluid milk producers was seriously strained after 1950, as each faction saw the other's regulatory program as a threat to its own well-being. Even within the fluid milk sector, tensions grew with developing interregional competition for markets, as Southern and Eastern dairymen prepared to repel invasions by "cheap Midwestern milk." And old suspicions between the NMPF's operating and bargaining cooperatives were reinforced by affiliation of many smaller "minority" cooperatives, previously excluded from membership. Although the NMPF remained potent when the membership could reach consensus, on the vital regulatory questions of this era it was hopelessly divided. As a result, congressional dairy spokesmen split along similar lines, rendering them politically ineffective.<sup>16</sup>

Fractures in the old producer coalition were compounded by new claimants to a dairy policy voice. The powerful American Farm Bureau Federation (AFBF), which for years had "stayed out of milk" in deference to the NMPF, now sought an independent dairy role, pushing a "free market" program stressing reduced government price support, improved productivity, and aggressive merchandising. The National Farmers Union (NFU), heretofore on the subgovernment's periphery but now expanding to dairy country in Minnesota and Wisconsin, was preaching a doctrine of high price supports and production controls. Both the AFBF and NFU had devoted congressional allies and their demands greatly complicated political bargaining within the subgovernment as did still other proposals formulated by the venerable National Grange and by the new and militant National Farmers Organization (NFO) in the late 1950s.<sup>17</sup>

These conflicts permitted outside actors greater leverage over milk policy. During the 1950s, Secretary of Agriculture Ezra T. Benson fought with skill and determination to lower manufacturing price supports (thereby moderating the manufacturing-based federal order prices as well), using the President's staunch backing, constant assistance from the AFBF, internal squabbling within cooperative ranks, and occasional sparks of interest among urban congressmen. The result was a period of subgovernment frustration and of considerable stability or even downward movement in producer prices (and net returns).<sup>18</sup> Unlike Benson, Orville Freeman was committed to short-run improvement in milk prices, but his chosen method--production quotas and government payments to producers--aroused as much controversy as had Benson's program. Eventually the NMPF faction which opposed quotas joined the AFBF in defeating Freeman's proposal, originally dictated by Bureau of the Budget alarm over price support costs. Still, the USDA did manage to raise prices on occasion, although not without stirring up considerable opposition.<sup>19</sup>

During this period then, intraindustry divisions and competition among farm groups over policy precluded total subgovernment control of major issues, serving as a functional equivalent of consumer representation and at times allowing intervention by political actors directly concerned with consumer interests. Although this pluralism in the subgovernment did not prevent maintenance of existing program structures, it did preclude effectuation of policy changes such as production limitations, self-governing industry regulatory boards, and increased legal bargaining authority for dairy cooperatives which might have adversely affected consumers.

#### V. Challenge to the Subgovernment: The 1970s

Whatever the protection afforded them by subgovernment cleavages, consumers were not directly involved in policy making as late as 1970. By 1975, however, the dairy policy process was altered by the entrance of new, consumer-oriented actors. The rapid milk price increases after 1972, which focused public attention on agricultural issues, paralleled rapid changes in the economic and political structure of the industry. These trends came together in an explosive combination touched off by the revelations surrounding the "Milk Fund" scandal of 1971.

Although rising milk prices were most salient to consumers, structural shifts in the industry were of even more fundamental significance. Discouraged by the subgovernment's failure to solve "the milk price problem" and spurred on by the USDA, aggressive Midwestern and Southern dairy leaders sought additional bargaining power in the market by creation of larger regional organizations with the scope and financial basis to challenge even the largest dealer. By 1970 the power of these new "supercooperatives" was reflected in the growing frequency of negotiated "premiums" above minimum federal order prices. Cooperatives everywhere soon turned to the merger route to increased market control and better prices.<sup>20</sup>

Producer combinations not only shifted the industry's balance of economic power, but had vital political ramifications. First, many previous sources of conflict among dairymen were reduced, as the regional giants such as Associated Milk Producers, Inc. (AMPI), Mid-America Dairymen (Mid-Am), and Dairymen, Inc. (DI) encompassed competing industry forces such as Southern and Midwestern dairymen, manufacturing and fluid milk producers, operating and bargaining cooperatives. Thus, debilitating splits could be partially filled in by negotiation within a single organization or by agreement between the regional giants. For example, inter-regional tensions were softened by creation of the "standby pool," which paid Midwestern farmers to have milk "on call" for the more lucrative Southern markets (or, as critics claim, paid the northern dairymen to keep their milk home unless called for). Similarly, bargaining and operating perspectives tended to be subsumed within an overall organizational stance, thereby reducing somewhat the complexity confronted by subgovernment officials. These internal reconciliations certainly facilitated revival of dairy political influence in the late 1960s and early 1970s.<sup>21</sup>

Another political offshoot of the mergers was introduction of campaign contributions, an influence technique long eschewed by most farm groups. The new cooperative militants possessed the inclination, financial resources and managerial freedom to emulate labor and business by raising "political action funds" to offset the declining power of farm voters. Early experiments in 1970 congressional races were gratifying, but in 1971 AMPI, Mid-Am, and DI were caught in somewhat furtive contributions to Nixon war chests immediately after a Presidential order increasing support prices. As Watergate investigations expanded, the dairymen found themselves and their regulatory system subject to unaccustomed public scrutiny and criticism.<sup>22</sup>

By 1974 several consumer and public interest groups were drawn into aspects of the milk issue, including the Consumer Federation of America, the most broadly-based national consumer group; the National Consumers Congress, an individual membership association of local consumer activists arising out of the 1973 meat boycott; the Congress Watch, a Nader project; and various research and educational groups such as the Agribusiness Accountability Project, the Public Interest Economics Center, and the Community Nutrition Institute. Even more portentous, perhaps, was the founding of the National Association for Milk Marketing Reform (NAMMR) in 1974 by smaller milk dealers hoping to ride the wave of consumer interest to legislative modification of the legal and administrative privileges enjoyed by the dairy cooperatives. As NAMMR's members had the financial and technical resources lacking in most consumer groups, its appearance was greeted with grave concern by the dairy cooperatives.<sup>23</sup>

Although these new entrants shared a common concern for milk prices, they usually focused on different issues or forums. Perhaps the pre-eminent strategy has been publicity, a traditional consumer group emphasis. Some groups have resorted to "public education" to surmount obstacles in the legislative or administrative process, whereas others are confined to such activities by their tax status. In any event, the publicity generated by

these organizations has been impressive, ranging from exposés of the supercooperatives to economic critiques of the milk marketing system. This wave of information and analysis, though rather crude at times in its grasp of the issues, has certainly sustained public attention on milk questions.<sup>24</sup>

In converting public awareness into public policy the results have been more mixed. In Congress the consumer groups have attempted both to influence the routine agricultural policy process and to bypass it, bringing outside actors to their aid in assaults on the dairy subgovernment. Although the NAMMR and the NCC have enjoyed only modest success in evoking House and Senate Judiciary committee investigations of milk pricing, consumer groups have scored partial successes on more conventional farm legislation. In 1973 when the supercooperatives sought legislation solidifying their organizational, market and legal positions in federal order markets, the NCC and Congress Watch raised the alarm in the press and these provisions were quickly deleted from the farm bill by overwhelming Senate majorities. Still, consumer agitation was probably less instrumental in this result than the personal work of Senator Philip Hart and the lobbying of the general farm organizations, especially the NFO and NFU, both locked in commercial competition with the supercooperatives and seeking to limit their power.<sup>25</sup>

That consumer groups are no more immune from intermural conflicts than producer organizations is revealed by the 1975 farm bill debate. According to several accounts, Carol Foreman of the CFA forged a compromise milk price provision acceptable to labor union forces, the liberal farm groups, and the swollen contingent of consumer-minded legislators who knew little of milk pricing. This compromise, along with those on other farm prices, rescued the entire bill on the House floor but did not prevent a Presidential veto. Ironically, President Ford's contention that the bill would hurt consumers was applauded by the NCC, which had attacked the Foreman compromise as simply tinkering with the milk pricing system, when a thorough overhaul was needed. This episode also illustrates the differing pricing standards used by consumer groups: The CFA, closely allied to the liberal NFU and NFO, generally argued that farmers must receive a "fair return" on investment if consumers are to have milk, whereas the NCC was sceptical about higher price guarantees, emphasizing free market economics as a better guide for pricing.<sup>26</sup>

Besides these legislative thrusts, consumers also engaged in litigation, with at least indirect results. Several groups joined Ralph Nader's suit to roll back the "fraudulent" 1971 price support increase, an action ultimately dismissed by the federal courts. The NAMMR filed exceptions to consent decrees issued in federal antitrust suits against AMPI, contending that the findings did not reduce the economic power of the cooperative. Although the direct achievements of litigation have not been impressive, when combined with suits initiated against cooperatives by local dealers, state officials and the National Farmers Organization, legal action has undoubtedly served as a additional restraint on cooperatives and the USDA.<sup>27</sup>

Undoubtedly the fewest inroads have been made into the recesses of the administrative process. Consumer groups have yet to achieve USDA positions of authority over dairy policy questions. Although consumerism's advance led to the appointment of Nancy Steorts as consumer adviser in the USDA in 1973, her lack of marketing expertise, exclusion from policy deliberations, and isolation from her consumer constituency prevented any action on milk issues, aside from a few inconsequential discussions between NCC and USDA officials. The Carter Administration's choice of Carol Foreman as Assistant Secretary of Agriculture for Marketing and Consumer Services briefly raised reformers' hopes, but concerted opposition from farm forces relegated Mrs. Foreman to a new post without marketing order responsibilities. Although Mrs. Foreman pledged to continue "jaw-boning" against high food prices, one of her first public statements found "defensible" a Carter milk price support increase which even the NMPF opposed as excessive. Generally, however, the new Assistant Secretary has been too preoccupied with her own extensive bureaucratic domain of food programs to intervene in dairy politics.<sup>28</sup>

Consumer experience in formal USDA proceedings has not been much more encouraging. The NCC made one direct assault on marketing orders by filing a formal petition under Section 2 of the Capper-Volstead Act for a USDA finding of "undue price enhancement" by cooperatives operating in federal order markets. Following fifty-five years of tradition, the USDA dismissed the petition in December 1976 and denied rehearing. Nor have consumers re-entered the policy system through order hearings. Although the NCC gave testimony at one or two national pricing hearings, effective consumer participation was at first precluded by a lack of expert witnesses and later, when the NCC had developed a pool of consultants, by financial problems involved in routine appearances at widely-separated hearing sites.<sup>29</sup>

The extremely limited penetration of the USDA by consumer groups on milk questions has been offset somewhat by the activism of agencies outside the subgovernment, taking their cue from the pro-consumer atmosphere. During the Nixon Administration, the Cost of Living Council under John Dunlop battled the USDA with some success on milk price issues. The Anti-trust Division of the Justice Department, the Federal Trade Commission, the Council of Economic Advisers and other agencies moved to the forefront of the struggle by early 1976, issuing reports critical of the dairy cooperatives, the milk marketing system or both, and suggesting modification or abolition of cooperative privileges and immunities. Although the consumer groups played little direct role in evoking these actions, their continual prodding and encouragement probably helped sustain them.<sup>30</sup>

In the final analysis, the consumer activism of the early 1970s was most effective in arousing widespread public concern over milk questions, was translated into some legislative influence on selected issues, and helped supply a favorable milieu for administrators in traditional consumer protection agencies. Generally, however, the lack of adequate finances, available expertise and lobbying manpower limited consumer groups' capacity to capitalize on public concern. Perhaps more fundamentally, their efforts suffered from poor coordination, as involved groups responded largely in ad hoc fashion to limited aspects of a larger policy question.

## V. Subgovernment Reaction

Whatever their limitations consumer activities were "chilling indeed" to dairymen. By 1975 industry observers were warning that farmers had lost their grip on dairy policy. Although excessively pessimistic, such observations helped spur cooperatives and their official allies into a vigorous defense on several fronts. The USDA undertook spirited public justification of cooperatives and marketing orders, while simultaneously initiating internal studies designed to pinpoint any abuses such as cooperative manipulation of price support and federal order programs. Former Secretary Butz went so far as to appoint an outside consumer representative on a USDA study panel and to chasten publicly one "ruthless dairy cooperative" for predatory practices tending to discredit the entire movement.<sup>31</sup>

Dairy cooperatives also geared up extensive new public relations and consumer education programs, designed to foster public sympathy. More importantly, perhaps, the dairymen made tentative direct approaches to consumer spokesmen. Although the NMPF persisted in its traditional hostility toward consumer groups, several regional cooperatives invited consumers to attend board meetings, inspect members' farms and cooperative business operations, and explore mutual policy concerns. This exchange clearly improved intergroup relations and by 1975 consumer group criticism had become noticeably less strident. Some cooperatives even suggested that a national milk commission of producer, dealer and consumer representatives be charged with developing a consensus price policy. Although this proposal died from a lack of widespread cooperative support, by 1976 even the NMPE was cautiously sponsoring a joint conference on milk pricing with the Community Nutrition Institute and working with other consumer groups on FDA ice cream standards.<sup>32</sup>

As of mid-1977, the efficacy of the dairy counterattack was clear but the future of consumer involvement was in doubt. As the price hikes and Milk Fund scandal of the early seventies recede in public memory, the cooperatives may well be able to repair breaches in the walls of subsystem autonomy. Although several consumer groups still profess interest in milk pricing reform, none consider it a central issue. The fate of consumer activism may be foreshadowed by the experience of the National Consumers Congress, the group most involved in the consumer challenge, which has recently merged with the venerable National Consumers League and suspended its "milk project." Aileen Gorman, who headed the work, cited difficulties in maintaining local membership interest, lack of financial support from foundations and other sponsors, and competing priorities pressing upon limited resources as the reasons for this decision. That similar factors may influence other consumer groups is suggested by the lack of consumer activity on the dairy provisions of the 1977 farm bill.<sup>33</sup>

Ironically, the recent spurt of consumerism may ultimately serve to reinforce the dairy subgovernment. First, the cooperatives were jarred out of some well-worn but increasingly archaic political strategies into recognition of political realities confronting farmers in an urban society, which required new strategies of influence. Secondly, by creating a

"market" for information and analysis of dairy questions among consumer-oriented legislators but not servicing it, the consumer groups allowed the dairymen to rush in to fill the gap, developing access to previously hostile legislators. Reinforced by continued campaign contributions, these new alliances have greatly improved the atmosphere for dairymen on Capitol Hill and, indirectly, in executive councils. Although the cooperatives will continue to confront obstacles in the form of the Justice Department, the OMB, and the Congressional budgeting process, the dairy subgovernment is clearly far from dead.<sup>34</sup>

## VI. Conclusions

Representation of consumer interests in federal dairy policy reveals patterns reminiscent of experience in other regulatory arenas. First, the direct involvement of explicitly consumer-oriented groups has been episodic: considerable activity in the 1930s and early 1940s gave way to almost total quiescence, to be revived only by a major scandal and inflationary price movements. Second, despite the usual absence of organized consumer spokesmen, "consumer interests" have often been protected by other actors: by executive officials responding to widespread public demands during inflationary periods; by various industry actors with a stake in lower or stable prices, or by general farm organizations asserting a view of producer interests differing from that of the cooperatives. Finally, although the revival of consumerism (assuming it does persist) might be thought to add to "low-price" forces, the effects have hardly been so clear-cut. Not only have various consumer groups differed on milk pricing principles, but their very challenge seems to have generated a vigorous and remarkably successful defense by the traditional policy system.

NOTES

<sup>1</sup>For the broad outline of dairy programs, see Murray R. Benedict and Oscar C. Stine, The Agricultural Commodity Programs: Two Decades of Experience (New York: The Twentieth Century Fund, 1956), Chapters 6 and 11.

<sup>2</sup>Randall B. Ripley and Grace Franklin, Congress, Bureaucracy, and Public Policy (Homewood, Ill.: Dorsey Press, 1976).

<sup>3</sup>This procedural definition of consumer interests, stressing the necessity of effective countervailing influence to industry pressures, is analogous to the "civic balance" theory of their role held by many "public interest" groups: Andrew S. McFarland, Public Interest Lobbies: Decision Making on Energy (Washington, D.C.: American Enterprise Institute, 1977), Chapter 1. For recognition that "consumer interests" are often protected by groups other than those representing the ultimate consumer, see David Vogel and Mark Nadel, "Who is a Consumer? An Analysis of the Politics of Consumer Conflict," American Politics Quarterly, 5 (January 1977), 27-56.

<sup>4</sup>The following analysis draws from the author's "Interorganizational Relations in Agricultural Policymaking: The Case of the National Milk Producers Federation," (unpublished Ph.D. dissertation, Harvard University, 1973), pp. 193-333.

<sup>5</sup>A good case study of this period in Paul Abrahams, "Agricultural Adjustment During the New Deal Period: The New York Milk Industry," Agricultural History, 39 (April 1965), pp. 92-95; also, Gould Colman, "Theoretical Models and Oral History Interviews," Agricultural History, 41 (July 1967), pp. 255-262.

<sup>6</sup>The early complexities of AAA dairy policies are well-covered in John D. Black, The Dairy Industry and the AAA, (Washington, D.C.: Brookings, 1935).

<sup>7</sup>Guth, "Interorganizational Relations," pp. 256-306.

<sup>8</sup>AAA, Agricultural Adjustment 1937-38, pp. 207-208. For the cooperative perspective, see Charles W. Holman, Annual Report of the Secretary, (Washington, D.C.: National Cooperative Milk Producers Federation, 1940), p. 14.

<sup>9</sup>Cooperative membership and market shares generally tended to grow under federal order regulation: Alexander Swantz, Federal Regulation of Fluid Milk Marketing in the Clinton, Quad Cities, and Dubuque Marketing Areas, (Washington, D.C.: USDA, Production Marketing Administration, 1953). This trend continued after World War II as the proportion of milk marketed from the farm by cooperatives increased from 53% in 1950 to 73% in 1970. Dairy Record, 74 (August 1973), p. 12. For the increasing reliance of fledgling cooperatives on federal assistance, see Charles W. Holman, Annual Report of the Secretary (Washington, D.C.: National Milk Producers Federation, 1950), pp. 14-16.

<sup>10</sup>Guth, "Interorganizational Relations," pp. 307-309.

<sup>11</sup>A rare consumer appearance is described in the Federal Register, February 19, 1953, p. 987.

<sup>12</sup>Persia Campbell, Consumer Representation in the New Deal (New York, Columbia University Press, 1940), pp. 196-247; Geraldine McKinley Garvin, "The Consumers' Counsel of the United States Department of Agriculture," February 1947 (unpublished manuscript in BAE Project Files, 1938-53) RG104, National Archives, Washington D.C.

<sup>13</sup>William C. Welden, "Wartime Management of Dairy Foods," (unpublished Ph.D. dissertation, Harvard University, 1951).

<sup>14</sup>For some of these divisions see "Differ on Control," Dairy Record, 40 (November 22, 1939), p. 6.

<sup>15</sup>The NMPF's internal coalition is described in Charles Holman to National Directors, June 17, 1939, Dairymen's League Papers, Collection of Regional History, Cornell University. For the AAA's alternative plan see Black, Dairy Industry, pp. 373-391; a similar proposal by Farm Bureau and Farmers Union activists appears in "Dairy Producers from Eight States Adopt National Program," AFBF Official Newsletter, 19 (February 13, 1940), p. 1.

<sup>16</sup>E. M. Norton, Annual Report of the Secretary (Washington, D.C.: National Milk Producers Federation, 1957), p. 24. On the congressional situation, see Charles O. Jones, "The Role of the Congressional Subcommittee," Midwest Journal of Political Science, 6 (November 1962), esp. pp. 338-343.

<sup>17</sup>Guth, "Interorganizational Relations," pp. 451-473.

<sup>18</sup>Ibid. pp. 474-548.

<sup>19</sup>Ibid. pp. 548-600.

<sup>20</sup>An account of the early merger movement can be found in "Market Power," Farm Journal, May 1969, pp. 20-21,33.

<sup>21</sup>For this aspect of the standby pool, see A. L. McWilliams, "There is No U.S. Dairy Policy---Just Government Involvement," Hoard's Dairyman, 120 (September 10, 1975), p. 989. Of course, some traditional conflicts persisted: "Land O' Lakes Attacks AMPI on the Level of Price Supports," Hoard's Dairyman, 116 (April 10, 1971), pp. 422-23.

<sup>22</sup>Jerry Landauer, "Milk and Money," Wall Street Journal, September 17, 1971, p. 1; see also the present author's, "The Milk Fund Scandal: Explaining the Obvious," Furman Studies, N.S. Volume 25, (June 1977).

<sup>23</sup>"Milk Marketing Reform Association Organized," American Dairy Review, 36 (November 1974), p. 46.

<sup>24</sup>See, for example, "Monopoly Laid to Dairy Groups," New York Times, December 5, 1975, p. 60.

<sup>25</sup>"Congress Urged to Act on Milk Issues," American Dairy Review, 38 (May 1976), p. 44; "Senate Strips Milk Market Order Provisions from the Farm Bill," Hoard's Dairyman, 118 (July 10, 1973), p. 803; Daniel Balz, "Angry Cotton Interests Join Fight With Administration to Weaken House Farm Bill," National Journal, June 23, 1973, p. 922.

<sup>26</sup>"Winning Friends: Consumer Lobby Gains New Clout on Capitol Hill," Wall Street Journal, April 9, 1975, pp. 1,27; Interview with Aileen Gorman former executive director of the NCC, July 19, 1977.

<sup>27</sup>Theodore Jacquency, "Nader Network Switches Focus to Legal Action, Congressional Lobbying," National Journal, June 9, 1973, p. 841; "NAMMR Accomplishments to Date," American Dairy Review, 37 (September 1975), p. 11; A. L. McWilliams, "The Legal Jungle and the Miscarriage of Justice," Hoard's Dairyman, 120 (October 10, 1975), pp. 1122-23.

<sup>28</sup>"Consumer Advisers: A New Breed of Federal Officials," National Journal, November 3, 1973, pp. 1631-33; "Insensitivity for Consumers Criticized," UPI wire story, January 31, 1977; "Consumer Advocate to get High Post," Dairy Record, 78 (February 1977), 18; Frances Cerra, "U.S. Aide Pledges 'Jaw-boning' to Help Keep Food Prices Down," New York Times, April 2, 1977, p. 8.

<sup>29</sup>For the NCC complaint, see Frances Cerra, "Co-ops Accused of Raising Milk Prices," New York Times, February 22, 1976, p. 38 and "USDA Says No 'Undue Enhancement' of Milk Prices," News for Dairy Co-ops, 34 (December 30, 1976), p. 1; Interview with Aileen Gorman, July 19, 1977.

<sup>30</sup>George L. Baker, "Milk, Fruit Feel the Stirrings of Antitrust," New York Times, October 5, 1975, III, p. 7; "FTC Issues Report on Dairy Cooperatives," American Dairy Review, 38 (January 1976), p. 8, "Antitrust Immunity Curb Urged," Wall Street Journal, January 17, 1977, p. 14; "Report to Congress Suggests Liberalizing Dairy Trade," Hoard's Dairyman, 122 (January 25, 1977), p. 82; Edward Cowan, "Wage-Price Council Asks Cut in Milk Support Level," New York Times, March 15, 1977, p. 51.

<sup>31</sup>The various defensive activities by USDA and cooperative officials are discussed in "Is NAMMR Out to Destroy the Dairy Cooperatives?" American Dairy Review, 38 (April 1976), pp. 22-25.

<sup>32</sup>For accounts of these cooperative programs, see Hoard's Dairyman, 120 (January 25, 1975), p. 82; 121 (April 10, 1976), p. 512 and (April 25, 1976), p. 572. Also, "Dairy Commission is Proposed by NMPF," American Dairy Review, 37 (February 1975), p. 26; "Consumers Attack, Federals, Co-ops Defend Market Orders," Dairy Record, 78 (January 1977), p. 22. Despite these exchanges, the NMPF has continued to oppose any new Agency for Consumer Advocacy which might intervene in milk marketing orders: "New Consumer Agency Presented on the Hill," News for Dairy Co-ops, 35 (April 8, 1977), p. 1.

<sup>33</sup>Interview with Aileen Gorman, July 19, 1977; Wall Street Journal, April 8, 1977, p. 6.

<sup>34</sup>Interviews with NMPF staff members, July 12, 1977, Washington D.C. See also Richard T. Kaplar, "The Dairy Co-ops: A Leader of the PACS," National Journal, 8 (October 23, 1976), p. 1516.