

U.S. Files 3rd Big Milk Antitrust Suit

Washington

Mid-America Dairymen, Inc., was accused yesterday of illegal monopoly activities in the Justice Department's third antitrust suit against the nation's major dairy cooperatives.

The civil suit, filed in U.S. District Court in Kansas City, charges that the nation's second largest dairy cooperative shut off competition in a ten-state market area by locking in its members, discouraging haulers from serving its competitors and flooding the market to drive down prices paid to its rivals.

The suit was filed a day after the department disclosed that former Attorney General John N. Mitchell had channeled the investigation of another dairy cooperative into a civil suit rather than criminal indictments, counter to the initial recommendations of the antitrust division.

The new suit came amid various investigations of a \$427,000 contribution to President Nixon's re-election campaign by Mid-America, the Associated Milk Producers, Inc. and Dairymen, Inc.

The investigation in exchange for an increase in the government milk price subsidy.

The other antitrust suits against Associated Milk and Dairymen, Inc., the other two of the big three dairy cooperatives, are pending in federal court.

In the suit against Mid-America, government lawyers said the Springfield, Mo., cooperative has restrained and eliminated competition for at least the past five years in Missouri, Kansas, Nebraska, Iowa, and portions of Illinois, Wisconsin, Minnesota, Oklahoma,

Arkansas and Texas.

Milk processors and independent producers have been the initial victims, the suit indicated.

Most producers who belong to Mid-America must hire independent haulers to transport milk to markets. Mid-America has forced the haulers to agree to serve only Mid-America members or independent producers approved by Mid-America, the suit alleged.

In addition, Mid-America has pressured milk processors to buy only from the cooperatives by charging higher handling or service fees to those who buy from competitors, the government contended.

The cooperatives have bought out some processors who persisted in buying from independent producers, the suit said.

Through its membership agreements, Mid-America has made it unreasonably difficult for producers to withdraw from the cooperative and go into business as an independent rival, the government alleged.

Mid-America and other unnamed producers' associations have carried out agreements to flood local milk markets so as to drive down prices paid to independent competitors, the suit said.

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