

[Stop letting farmers milk the poor](#) [1]

Written by [Pete Spence](#) [2] | Thursday 12 July 2012

All too often, when discussing how to make the poor better off, we focus on the sum of money they have to spend, as opposed to what that they can buy with the money they have to spend. This image from the Occupy movement highlights the issue:



Quite rightly, it notes that this food makes up more of the budget of a poorer individual. We all need food to survive, and that includes the minimum wage earner it describes. The action it suggests, however, raising the minimum wage, is unlikely to improve the lot of the poorest. Minimum and 'living' wage laws are [likely to harm those they are put in place to help](#) [3] by making it illegal to profitably hire workers with little in the way of experience or skills.

Rather, supply-side reforms aimed at reducing the cost of milk and other foodstuffs are likely to be far more effective. Government interference in this market is something we should be especially wary of. As opposed to the regulation of other products such as tobacco and alcohol, a consumer can not simply avoid prohibitive taxes and regulation on the production of food. Interventions such as the Common Agricultural Policy in OECD countries [increase the costs a family of four on average \\$1,000 per year](#) [4] in higher prices and taxes. These interventions often cater to relatively wealthy (and politically influential) landowners. When milk prices fall (as they did in 2009), the political response to this has been to cater to protesting farmers, with the EU agreeing to [further support the dairy industry by €17.9m](#) [5] from 2010-13. This past week has seen [threats of strikes](#) [6] as dairy farmers have opposed milk being sold at lower prices in the UK.

Trade barriers and tariffs serve to both raise food prices domestically while inhibiting job creation and development in developing nations. Research has shown that [milk prices would fall by liberalizing trade](#) [7]

between countries as far apart as the US and Australia despite milk's limited shelf life. Importing milk allows nations to be better insulated against shocks in individual countries, which poorer individuals are particularly vulnerable to.

We can also be confident that markets will continue to provide food more readily and cheaply. In the last century, leaps and bounds in agriculture through development of new crops as well as improvements in distribution with an emergence of larger stores have helped to increase the choices available to even the poorest. While once Roman banquets may have catered to a select few, providing the greatest range of dishes that were known, these do not compare to modern day dining. Now a far greater range of choices are available to a far greater section of society. Almost everyone in the Western world can now call upon a selection of takeaway restaurants that will offer a choice of global cuisines.

New technologies we already know about are on the horizon that could reduce food prices further. Milk can be produced in a number of ways, and while milking a cow may be easy, alternatives such as [milking whales](#) [8], which may yield 40 times more milk, have not yet been explored. Innovations such as [artificial meat](#) [9] and the development of GM Crops have the potential to do the same. Markets are constantly working to provide more options for consumers to try, bringing about better goods and more efficiently.

The goal of the Occupy movement is an admirable one: that the poor should have more left over after buying essentials. Income policies are unlikely to achieve this, but we can trust markets to increase the purchasing power of the poorest over time.

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