

## Let's chat ...

*“This is the most urgent time for our feeding programs in our lifetime, with the exception of the Depression. It's time for us to face up to the fact that in this country of plenty, there are hungry people.”*

—Kevin Concannon, USDA Undersecretary, commenting on the rapid rise in food stamp use.

In the early years of *The Milkweed*, I traveled exhaustively and often stayed at subscribers' homes to save scarce cash. My car, a 1972 Torino with 200,000+ miles (dubbed the “Iron Oxide Special”) told my fortunes back then. A valuable fringe benefit of such lodging was the conversations with dairy farm family-hosts. Sometimes late at night, or over the second and third cups of coffee after breakfast, we got into real heart-to-heart talks, sifting through what we knew, suspected, and how we could survive and prosper. Today, like the old Willie Nelson song goes, “I don't get around much anymore.” My travel is limited by family responsibilities (!), age, and a business in which the owner can't just take off.

As this bitter year draws to a close, dairy farm families have many concerns and questions. They're trying to see the future and understand if and how, they may have a future in dairy. Yes, milk prices are a little better lately. But 2009 has been a financial disaster – losing on both cash flow and almost half the value of their dairy animals. Dairy farm families – some of this nation's hardest-working food producers – have been put on starvation rations by a crooked milk pricing system. Let's call 2009 what it is: The Year of the Farm Milk Price Famine.

If I could sit down at your kitchen table, in mid-December 2009, here are some of the points I would convey to America's dairy farmers:

**U.S. milk supplies are going to be very, very tight in 2010.** The combined impacts of poor forage, poor-quality grain, many dairy farmers quitting business, and (eventually) higher beef prices mean that 2010 will be a very, very tight year for milk supplies and prices (with a few proper kicks) should reflect that fact. DO NOT sign any contracts for fixed-milk prices. Not only will you sell yourself short, but you'll end up locking in your market.

**The U.S. has been a “deficit milk-producing nation” every year, starting in 1996.** All these up-and-down farm milk price trends have disguised a simple fact: this nation's dairy farmers have consistently produced less milk than our nation's consumers demand.

**The U.S. faces far tougher financial times, I fear.** The Depression of the 1930s was caused by the drought of available capital for business and agriculture. Federal financial policies of the past year, under both Bush and Obama, have bailed out the banks and other industries that helped get this nation into such a financial mess. But operating capital is very, very tight for Main Street and rural America. Repeatedly, we hear that some lenders have already drawn up foreclosure papers on dairy farms, they just haven't dated and filed those papers. Word is: the banks are waiting for cattle prices to improve a bit. That's a trick we saw in the 1980s, when foreclosures hit grain farmers *after* things started improving.

**Domestic retail consumer dairy product sales have been spectacular so far in 2009.** Americans are using more dairy products in their home-prepared meals. So far in 2009, retail cheese sales are up 4-5%; fluid milk sales are up about 1.5%. These changes are lifestyle changes, as our non-farm neighbors adjust to tougher times by eating more meals at home and using greater quantities of cheese and milk because of their taste and nutrition. The dairy industry must wisely use its resources to cultivate this growing domestic demand.

**The money is in the marketplace.** Growth in consumer sales occurred in 2009, despite the fact that processors/retailers were very slow to pass along lower costs to consumers, as farm milk prices fell. Somebody (plural) made a lot of money processing and retailing dairy products this year. I can honestly state that the supermarket makes more net profit selling a pound of cheese than the dairy farmer receives, gross, for the milk going into that pound of cheese.

**Exports are nice, but ...** Overt emphasis on export markets ends up in either U.S. dairy farmers getting cheated price-wise, or else whip-lashed and short-changed by global pricing's ups and downs. From a commodity basis, most U.S. dairy marketers have failed to do a good job maximizing the value of exports.

**On your farm continue to look for improvements.** The greatest control you have is what happens inside your own fence-line. Relatively cheap grain costs for decades fostered pursuit of optimum milk output, without adequate heed for costs. That model is not the future.

**The federal government has completely failed to honestly report and regulate dairy.** I am not one of those folks who blames the government for everything. But it's clear that the federal government has completely failed dairy. USDA has failed to properly administer federal orders – ignoring mandates to assure that competition exists in federal milk orders and that farmers' milk prices be adjusted for higher grain costs. The federal milk order program is an antiquated, jerry-rigged structure that needs a direct hit from a tornado. USDA has allowed special interests to drain milk order revenues for such foolishness as overt “make-allowances” for manufacturing plants and unduly subsidizes the undue movement of milk between regions.

The U.S. Department of Justice, for decades, has failed to enforce competition in dairy. Hopefully, the Obama administration will dramatically improve that sorry track record.

Federal trade policies lurch ever more dangerously towards liberalizing dairy imports.

The Federal Food and Drug Administration has failed to put the hammer down on use of Milk Protein Concentrate – a dairy import that has never been approved under FDA's mandatory food-safety rules (GRAS).

**The current dairy-pricing and milk marketing systems are broken.** They have degenerated to a game of “keep-away” – i.e., keeping the money away from dairy farmers. This game cannot continue.

### Let's envision our future

The United States' food system is in great disrepair. Hungry farmers and hunger among our citizens refute any attempt to pass off this system as functional. Corporate interests, greed, cheap resources (water, grain) and mistaken policies leave this nation's citizens dangerously dependent upon an energy-dependent, long-distance food system. In the future, disruptions to energy supplies, or drought in key food-producing areas of the country raise questions about our nation's ability to feed itself. The only sane food policy this nation can pursue is to encourage local, sub-regional and regional food production – nearby to the population base and where the moisture comes down naturally.

At a time when we need more men and women on the land, producing our nation's food, we are economically destroying farm families' grip on their properties and assets. Who is better genetically-disposed to produce tomorrow's food than today's farm kids. What economic message is being sent to those farm kids? Do they follow in their parents footsteps?

Dairy farmers are among the last bastions of land-owning, food-producing, rugged individuals. (Maybe that's why we spend so much time arguing



Pete Hardin

with ourselves about solutions.) Each farm that totters financially is part of a disappearing rural economy and community.

**The dairy cow offers unique solutions to future food production.** Cows may convert grass to human foods – milk and meat. Dairy cows reproduce their own numbers, while providing a continuous flow of nutritious foods available to humans. When dairy cows are no longer productive, they yield about 3,000 quarter-pound hamburgers. Cows' wastes, when properly utilized, improve soil fertility and crop yields. I have long thought, if our nation's top scientists were ordered to design an optimum food producing machine, they'd choose “Bossy.”

**Want to stimulate your thinking at the holiday season?** Pull out the Bible and turn to the Chapter of Genesis, Chapter 47, verses 1-27. This chapter discusses farmers dislodged by drought from their lands, and the Pharaoh's allowing them to reside in Egypt. And when drought devastates Egypt, the Pharaoh declares that the farmers shall keep four-fifths of the harvest, to sustain their families and future plantings.

Think about that. We learn that ancient leaders wrestled with policy decisions: how to keep the food producers on the land, nourishing themselves and society. That our nation's leaders were so graced with intelligence!

What's really going on? For centuries, most land-based societies measured wealth by the number of animals a person, family or social group could successfully husband. In fact, the first symbol in the first language was of the cow. Throughout history, few other endeavors to honestly create wealth could fundamentally top livestock agriculture. That gleam in the 4-H kid's eye, showing a prized heifer, is the same gleam that goes all the way back in recorded history.

But in recent decades, in America, we've seen the moneychangers emerge to unduly rule the roost in dairy and agriculture. That historic dream of gaining worth by successfully owning and tending food-producing animals, the dream that spans that many cultures across history, is being stomped to death.

Dairy farmers have been drained of their cash flows and equities by a crooked pricing system. The government and leaders of dairy organizations ought to do better. We can better understand, if not forgive, the complex greed that motivates certain other parties.

Without substantive changes, dairy farmers and the society they help feed, will be ill-served. “Hungry” dairy farmers – suffering from a Price Famine in the midst of big profits for certain processors and retailers – are a clear sign of a broken system.

No one can subsist on half-rations for very long and remain a productive citizen. We read no doubt sincere quotes from a high-level USDA official about the many demands upon the government's food stamp program that reflect growing hunger issues in this country. But what about the famine on the farm? If the folks feeding this nation don't gain their fair share, we're all in a lot of trouble.