

March Dairy Meetings Somber in Wisconsin ...

by Pete Hardin

March is the wrap-up month for the dairy meetings season in Wisconsin. By early April, farmers' attention generally shifts to upcoming fieldwork. But in late winter 2018, the dairy meeting season in Wisconsin was sobering. Many dairy farm men and women are scared about their finances, assets and futures.

To generalize, money is tight and credit may be tighter. Seed orders for spring planting are coming in far slower than usual. And pre-payments for fertilizer orders are relatively slow, here in early spring. At a March 16 meeting of farmers in Seneca, Wisconsin, one of the shocking revelations voiced by a young fellow working for a crop insurance firm who explained the prior day – March 15 – was the drop-dead deadline for **2017** crop insurance premiums. He noted that failure to settle up 2017 crop insurance obligations by the March 15, 2018 deadline meant that such producers were likely in violation of their loan covenants with private lenders and loan guarantees issued by USDA's Farm Services Agency. That's serious.

In truth, in the dairy country in the Upper Midwest, we're watching the dynamo of agricultural productivity getting off to a very slow start in early spring 2018 ... regardless of the cold weather.

March 15, Westby, Wisconsin ...

On the evening of March 15, the Wisconsin Farmers Union held the fifth and final meeting featuring two leaders from Dairy Farmers of Ontario (DFO – the milk marketing board for Ontario Province, Canada). WFU reported 98 attendees signed up for that meeting. All told, at those five meetings held in mid-March, WFU reported a total of about 350 very interested attendees.

Ralph Dietrich and Murray Sherk, respectively DFO's board chairman and vice-chair, gave an intelligent, easy-to-follow profile of their quota-based dairy marketing system. Simply summarized:

Dire conditions in the mid- and late 1960s incubated creation of The Milk Act – national legislation that created authority for provincial milk boards. At that time, Canadian dairy farmers were losing their milk markets. And producers closer to big cities were receiving far higher prices for their milk than out-lying dairy farmers in the same province. Yes, there was opposition to the quota system by those producers who were benefitting from the prior system. (The original name of DFO was the Ontario Milk Marketing Board.)

Ontario's farm milk quotas are based solely upon milkfat sales. Quotas cost about \$25,000 per cow. That value was capped several years ago. As explained by the DFO leaders, the Canadians view owning quota as a "franchisee" sort of investment in the industry. Farm quotas may be sold and bought, through a monthly auction conducted by DFO. One major goal of the Ontario dairy farm quota system is to keep quota in the hands of land-owning, active producers. Quota holders must live within a relatively short distance of their production facility.

For 2017, DFO producers' milk receipts totaled approximately \$27/cwt., in terms of U.S. currency. That's nearly twice as much as net milk prices received by many U.S. dairy producers last year. Producers who sell volume above their quotas are hit with severe financial penalties – basically receiving \$0 for that over-quota output.

In the last few years, Canada has expanded its quota holdings for dairy farmers by about 24%. Canada's goal is to produce close to its milk fat needs, with the admission that residual nonfat solids will result. Fueled by that quota expansion, some Canadian dairy farmers are paying top dollar for top-quality dairy livestock here in the United States.

The ultimate goal of DFO is to create a relatively stable rural, agricultural economy, Dietrich and Sherk explained. Agricultural lenders are far more willing to extend farm loans when they are able to perceive stable economic conditions ahead.

The Westby meeting featured attendees paying extremely close attention to the speakers' presentation. The audience seemed to hang on each word, engaging in quick chuckles when periodic humor was thrown out. And when time came for questions, the audience must have gone on for an hour to an



The crowd of 150 (or so) folks visits before the dairy meeting held on March 16 at the Seneca Town Hall in Crawford County, Wisconsin. A local feed mill owner – Tammy Olson – hosted the meeting to bring together dairy farmers and their elected representatives. Dairy farm families in that corner of Wisconsin are scared for their futures, if these ruinous milk prices and rock-bottom livestock prices continue.

hour and a half seeking more details about the Canadian dairy quota system.

Credit the Wisconsin Farmers Union with bravely stoking interest and debate on a system of dairy farm milk quotas. These days, many of the so-called dairy "leaders" are not eager to get in front of crowds of dairy farmers.

Canadians trying to tell their story

What benefit accrued to DFO for sending two leaders to Wisconsin? Going back one year, Canadian dairy interests were subjected to severe criticism in the tier of U.S. dairy states bordering the Great Lakes. Canada served as a too-easy scapegoat for certain U.S. dairy leaders in spring 2017. When five dozen (or so) Wisconsin dairy farmers lost their milk markets at Grassland Dairy Products, dairy leaders were quick to blame Canada's milk pricing policies.

Yes, in early 2017 Canada had kicked in its "Class 7" milk price system – which kicked down processor costs for dairy protein powders (except whey). The "Class 7" system has allowed Canadian exports of Skim Milk Powder to undercut U.S. prices on global markets. But lost in the "Blame Canada" name-calling ... which extended all the way up to President Donald Trump ... was the fact that in 2017 Wisconsin was being invaded by more than 100 trailer loads of milk PER DAY coming from the Mid-East federal milk marketing area (Michigan, Indiana, Ohio, etc.). That distressed, out-of-state milk was often being delivered at prices below the monthly Class III (cheese) milk prices. (See article – "Midwest Milk Flooding Into Upper Midwest" – of *The Milkweed's* March 2018 issue.)

So the Canadian dairy leaders' invested some cross-border time, trying to repair some fences and foster better understanding by U.S. dairy farmers of their quota-based, dairy farming system. The notion that Canada is the source of U.S. dairy surplus problems is, frankly, absurd.

March 16 – Seneca, Wisconsin

On March 16, a highly concerned local feed dealer – Tammy Olson of Olson Feeds – bravely hosted a public meeting for dairy farmers and elected officials (and their representatives) at the Seneca

View the meeting at these two Web resources:

<http://www.wiseye.org/Video-Archive/Event-Detail/evhdid/12277>

<https://www.facebook.com/Olson-Feed-Service-Inc-347507010304/>

Then scroll down to the March 16, 6:56 pm post

Town Hall. Seneca is located in Crawford County, over by the Mississippi River in southwest Wisconsin's rugged, driftless area ... about an hour's drive west of Richland Center. Olson's concerns were sparked by recent reports that farmer bankruptcies in southwest Wisconsin were among the highest in the country. Also, reports of increased numbers of farmer suicides were weighing on Ms. Olson, who deals with livestock producers every business day.

The March 16 meeting attracted at least 150 attendees – maybe more. A wide spectrum of frustration and fear flowed forth at that meeting. Dairy farm men and women had opportunities to voice their concerns. Elected officials and their representatives offered their responses and sympathies.

The basic take-away from the Seneca meeting is that Wisconsin dairy farmers are scared for their futures, after three-plus years of low milk prices and diminished dairy livestock values. These producers see their hard work going for naught, their investments deteriorating ... same for their rural communities. Anger was directed at the generally perceived as worthless federal Margin Protection Program-Dairy (MPP-Dairy), the safety net with no netting. Frustration over plant-based beverages being called "milk" ranked high on the list of concerns. Angry comments directed at the Wisconsin Milk Marketing Board were not handled well by the board's local director.

On the whole, few solutions to the current dairy mess were voiced. Unfortunately, many common fears seemed to reign at the Seneca meeting. Brave of Tammy Olson and her family to host that meeting. Many organizations representing dairy farmers are not comfortable being in front of farmers right now.

DFA Delegates Pass Resolution Re: Base-Excess

Maybe, just maybe, the mid-March meetings held by the Wisconsin Farmers Union meetings are causing a ripple effect at Dairy Farmers of America (DFA).

At DFA's corporate annual meeting in Kansas City on March 19=20, delegates endorsed the following resolution:

"DFA encourages Board study of a co-op wide and/or Council-wide base/excess program."

Sources indicate that DFA delegates passed that resolution over the strong objections of President/CEO Rick Smith. Smith is increasingly out of touch with DFA's members, in the analysis of *The Milkweed*.

DFA already operates a base-excess program

in the Southeast. Curiously, the Southeast is the greatest milk-deficit region of the country ... in terms of total consumer dairy product demand versus regional milk production.

Videos of the March 15 WFU meeting in Dodgeville, Wisconsin reportedly circulated widely among DFA's directors and voting delegates. At WFU's meeting, the chair and vice-chair of Dairy Farmers of Ontario detailed Canada's farm milk quota-based policies. Attendees at WFU's five such meetings around Wisconsin seemed to overwhelmingly support efforts to control U.S. dairy farms' milk production and bring milk supplies into better alignment with perceived demand.