

President's Letter
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Why Do We Keep Doing This?

Watching the farmers in Europe dumping milk last week reminded me of my childhood. As far back as I can remember milk prices have been cyclic, and we only really complained when they were too low. I can remember my parents participating in an NFO-led milk strike in the late 50's or early 60's. We really didn't dump milk; we just didn't ship any to market. All 10 cows worth of milk (we had a fall calving herd and it was summer) was hand cranked through the Delaval cream separator. We made butter, ice cream, cottage cheese, and drank a lot of milk. The skim was stored and curdled, then fed to chickens and hogs. Nothing was wasted. I can still remember my father saying that sooner or later with less farmers and more people in the country our prices could go up and stay up. That was 50 years ago!

Since that time, those of us in agriculture have made tremendous strides in efficiency. Currently less than 10% of the average family's income is used to buy food. When I started college, that number was 16%. Today each American farmer feeds 144 people at home and around the world.

In his article, "A Thank You From the Grateful" (August 25, 2009, Hoard's Dairyman), Gary Sipiorski helps put this into perspective. In Europe, they spend 25 % of their income for food, India – 50%, the former Soviet union was over 90% (remember the collective farms?). He goes on to note that this allows us to have more money left over for cars, home mortgages, educating our children, recreation, vacations, and toys. In the past, we have provided food for much of the world during WWII, helped a grain-starved Russia in the 70's and sent humanitarian food supplies to many other countries. Sipiorski goes on to say that since less than 2% of our people produce food, the other 98% can go on to pursue non-farming careers without worrying about providing food for their families. He goes on to wonder if Bill Gates would have had time to come up with the ideas for Microsoft if he had to spend all of his days "poking around the woods looking for food!"

It is very apparent to me that even though many people do not understand or appreciate why we do it, we in agriculture must constantly continue doing what we do well. We are building our herds and our farms producing the most efficient, safest and most nutritious food supply in the world. All at the same time and just as importantly, we are maintaining our farms as free-enterprise zones where the effort we expend pays us back dividends. We in agriculture are the passport to prosperity for everyone in this country. Our gift to the nation is that others have the freedom to pursue careers and interests that

help make our nation even stronger. We, and others, should be very thankful that American farmers “keep doing this.”

What do you think would have happened if we participated in a milk strike like the Europeans are currently doing? Would our EPA have fined us for illegal dumping? Would we have gotten citations for littering? How about dumping milk in the Rhine River? I empathize with the European dairymen, but remember their production is controlled by the E.U.-Quota System. (not their price unfortunately.) Are we really as free as we think?

Proposals:

1. For food safety and domestic economic emergency reasons we should shut off all imports of dairy products. Small amounts do matter in the dairy world for pricing. How foolish are we to import foreign dairy products into this country with the terrorism threat? Doesn't anyone remember the Chinese melamine adulteration of pet food and dairy products?
2. We need to stop the large dairy/small dairy battles. When we disagree with each other, we both lose. Long term, we must revisit and simplify our milk pricing to keep our industry healthy and sustainable from coast to coast.
3. I believe we need to tie the compensation packages of our coop leadership directly to our profitability as dairymen, not how the “coop is doing.” I think it would directly help our profitability. Might work for Congress too!
4. All of the short-term “fixes,” although well intentioned and certainly “needed,” will probably be cussed and discussed so much that the industry will slowly “fix” itself during the debate. It's probably better that way.

At our DPNM Board meeting last week, we talked about many of our current problems, none more important than the milk pricing situation. To sum it up, one Board member commented “If it isn't fixed by Christmas, there won't be a Christmas!” The Board voted to endorse a proposal by National Association of State Departments of Agriculture (NASDA) called “Meat the Need.” In short, this program, in an effort to save rural economies, would purchase excess pork, poultry and dairy cows and perhaps cheese and then donate it to the millions of people using food banks for daily food help. A win-win they say. The dairy portion may be handled through CWT since the framework already exists for buyouts. The Board strongly urged NASDA to support the CWT concept over the cheese purchase since it would be more of an immediate solution. However, as with all dairy industry fixes...stay tuned! But don't hold your breath.

Other than our milk price, there are two major legislative issues that I want to keep reminding you about. Any farmer knows that you cannot fix something without learning

what's broken. The Health Care Initiative and Cap & Trade Energy Taxes are a shameful attempt by our elected officials to redistribute wealth while simultaneously making American business less competitive in the world economy. They "fix" nothing. Under the proposed "plans," health care costs will continue to increase; they will just be paid for by more taxes, penalties and fees on citizens and businesses. Regarding "Greenhouse Gas Emissions," eventually the non-scientific "scientists" will be proven wrong and people will realize that the earth has its own recycling system and will continue to "do its own thing" just like it's been doing for millions of years. Call or email or fax your senators to register your disapproval with their performance. Do it now!

Just before press time, I read in Dairy Profit Weekly where DFA asked dairymen to produce more milk in California, to increase their base. Wow! I thought we had too much milk and therefore low prices. Is the dairy recession over?