

# NEDLT Newsletter

## Enough is Enough

### • Vermont group tackles a national problem and National supply management program gets widespread support.

By DIETER KRIEG, Farmshine Editor

BURLINGTON, Vt. — A powerful line-up of speakers gave the hardly-known, fledgling dairy organization credibility, to say the least. But then guess what happened?

The governor showed up. In fact, he was first to speak, instantly adding character and clout to credibility.

The truth is, when Farmshine received a very plain fax on March 11th alerting us of a “major dairy meeting,” there were reasons to be just a bit skeptical. We had never heard of DFWT (Dairy Farmers Working Together) — and perhaps you haven’t either. A call was made to one of the contact persons to learn more and the result was a page 1 announcement for Farmshine’s March 13th edition.

Now we’ve been there and done that, as the saying goes. The Burlington meeting delivered as promised. It was “major”.

While DFWT may have been a hardly-known, fledgling dairy organization two weeks ago, that’s likely to change dramatically in the coming weeks. The clout and credibility of a governor, a commissioner of agriculture and half a dozen dairy leaders from around the country are making that happen. And that’s just a start. More meetings are planned.

So what’s this all about?

Vermont’s Secretary of Agriculture, Roger Allbee, summed it up succinctly before a local television news crew, with the camera rolling. “Enough is enough!” he declared repeatedly as he delivered a seamless explanation of what’s been happening on the nation’s dairy farms. The meeting hadn’t even begun yet, but those remarks set the tone. This was not going to be your run-of-the-mill dairy meeting. “Enough is enough!” became the unofficial battle cry and eventual headline in this reporter’s eyes.

DFWT wants discussions, for sure; they invited input from experts and producers. But what they really want is action and the sooner the better. As Secretary Allbee indicated himself, the time

for action is now. Too much has already been lost and much more is at stake. There's no time to lose.

Vermont's Governor Jim Douglas was introduced and hailed as a politician whose support for Vermont's dairy industry is second to none.

Stepping up to the podium, he declared: "To say that these are challenging times is an understatement." Pledging his full support, he reminded the audience of more than 200 producers that the last time milk prices had bottomed out, there was a surplus in the state budget and his administration was able to help. "Unfortunately, we don't have that surplus this time." Nevertheless, Gov. Douglas stands ready to do all he can to protect a significant segment of Vermont's economy ... the dairy industry. He outlined a variety of programs that are in place. "I want to do everything I can to help you face the challenges. A more fair pricing system is needed for this region.

"But I think everybody understands that the real solution lies in Washington," Gov. Douglas continued. We need to work with others across the nation to see if we can't produce some workable solutions."

That's exactly what DFWT is trying to do. They don't see drastically low milk prices as a local or regional problem. They recognize it as a national issue. That's why they invited leaders to come in from across the country. Accepting the invitations and showing up to speak were: Calvin Covington, CEO of Southeast Milk, Inc., in Florida; Jim Stewart, an Idaho dairyman; Bob Naerebout, executive director of the Idaho Dairyman's Association; Sybrand VanderDussen, a California dairyman and president of the Milk Producers Council; and Rob VandenHeuvel, general manager of that Council. And taking part by phone because he was unable to attend in person was Ray Souza, dairyman / president of Western United Dairyman, also in California. Coming from closer to home were the two main presenters: John Meyer, CEO of Holstein USA; and Chuck Nicholson, a dairy economist from Cornell. The take-home message from everyone was that the time has come to implement a supply management program. John Meyer delivered a lengthy speech endorsing it (See it uncut, beginning on page 2) and Dr. Nicholson revealed detailed information, including numerous charts and graphs from a multi-year study that documents the anticipated advantages of a supply management program.

But, as had already been indicated by others, including Governor Douglas, no program is going to "fly" on a national scale without it being approved in Washington, D.C. Bob Gray, a veteran lobbyist who represents numerous Northeastern cooperatives in Washington, affirmed that point-blank. "Nothing is going to happen without congressional action," he began. "There are world-wide issues to consider. We have to look at all options."

Jim Stewart, the Idaho dairy farmer, wants to bypass Washington altogether. "Eighty-five percent of this country's milk production is under co-op control," he announced. "We have a wonderful opportunity here as dairymen to look at capitalism in its fullest, truest sense. We

should take advantage of that. The rest of the country is headed towards socialism. Save the energy of going to Washington. Let's do it ourselves. Let's get together and quit fighting over it. If we don't change our attitude, then we will be finished. This thing (low milk prices) has waked a lot of us up."

Danny Smith, a Vermont attorney who represents the Maine Dairy Industry Association, was in the audience and, once discovered, invited to speak. He and a dairy policy consultant, Paul Christ, had co-authored an article titled *A better way to price milk?* that appeared in the September 25th issue of *Hoard's Dairyman*. It's about setting up base prices on the farm, within competitive pricing zones, similar to the old Minnesota-Wisconsin (MW) pricing system. Smith encourages you to read the details of the proposal in the *Hoard's Dairyman* article, if you haven't already done so.

Calvin Covington of Southeast Milk, Inc. noted that his market (Florida) is unique and that current milk pricing doesn't make sense to his 300 members who produce some 3 billion pounds of milk annually, with most of it going for fluid consumption (Class I). "Why our Class I price is based on the ups and downs of commodities is a little hard to understand," he stated. "We're working on it in the Southeast. We're working on a different system for pricing milk. We would like to see the milk price based on what's going into the bottle."

Covington reported that his producers are receiving prices that are down as much as \$7 per hundredweight, compared to a year ago. Making it worse, he added, is the recession because dairymen have a difficult time finding credit. Further, their equity has also been affected due to sharp declines in real estate values. "We are concerned that we'll lose quite a few dairy farmers. We want to turn this around sooner instead of later."

Everyone can agree on that. But not necessarily everything else. Yet, that's what's necessary, many of the people here indicated.

Producers themselves appear to be confused, stunned or numb from all the bruising they've experienced in the market place in the past decade.

As has been true in numerous other states across America, Vermont has lost roughly half of its dairy farms in the past 25 years. Roughly 1200 remain today. A good number of them (perhaps 200) were represented at last Friday's meeting here in Burlington. Conversations with several of them indicated that they came primarily out of curiosity, not necessarily because they thought they could accomplish something. When given the opportunity near the conclusion of the meeting to offer their own suggestions for market stabilization, not one came forward.

There were, however, plenty of questions and concerns. And, for sure, they want something done about the low milk prices.

“Our industry is facing the biggest crisis I’ve ever seen,” said California’s Sybrand VanderDussen. “We don’t know what to do. We’re buying a million dollars worth of feed a month. We’ve got three dairies; one in northern California, one in the southern part and one in the middle. We milk over 13,000 cows, total.”

“We’ve got to change our thinking. Our mentality has always been to produce more milk, more milk, more milk. We thought that if we could put wheels under it, everything was okay.

“Now we have this big crisis. The question is: ‘What are we going to do about it?’

“We don’t need another layer of bureaucracy. We need dairymen to be a little more responsible for production. And who in his right mind would want to limit production in the Southeast?

They’re always in a deficit.”

VanderDussen said further that while some dairymen may be conscientiously trying to limit their production, others do not. They keep producing more and more milk, knowing that the losses are shared among all producers in the pool. “We produced ourselves silly,” he stated.

“We know that the Commodity Credit Corporation (CCC) is not the answer. CCC eliminated the need to limit production.”

“I’m impressed that Vermont has taken leadership in this situation. We need supply discipline.” Agriculture Secretary Albee affirmed during his comments earlier in the program that what’s happening on the nation’s dairy farms was not good for anyone.

“Dairy farming is a very big part of our economy, representing 85 percent of Vermont’s agricultural industry. We produce 20 percent of the Northeast’s milk supply. The Vermont Legislature and Governor Douglas’ Administration stepped in with \$11.6 million to help the industry in 2006.”

“We have two buyers of milk here in Vermont. There’s not enough competition. Competition benefits farmers, but we don’t have it.”

“The crisis we face now was known to us and predicted. The industry has been dissected, bisected, sliced, diced and everything else. Enough is enough!