Government programs shrink dairy herds, milk supplies in jeopardy

by Marcia Merry

The results of less than 12 months of government dairy reduction programs in the United States and Western Europe can be seen in the milk shortages and overnight price hikes now in effect in parts of what was once the most developed sector of the globe. Up until the present period, the United States and Western Europe together produced about 40% of the world's milk. Now that unparalleled productive capability is being dismantled so fast that milk will be a luxury item.

While the media, the U.S. Department of Agriculture (USDA), and the State Department insist that the problem is "surplus food" and the solution is for farmers to cut production, the hard facts speak for themselves. By official USDA statistics, national milk output is down by around 4% over the last year, from 12,273 million pounds last June to 11,832 million pounds this year, and is declining constantly. Production is down in every state but California. The situation is similar in Europe, where shortages of milk for powder have been reported in Holland and France—top milk producing regions.

In England, where the Common Market "quota" milk reduction plan only took effect in April of this year (2% mandatory milk reduction per farm, and other mechanisms), the consumption of liquid milk has fallen almost a percentage point in only a year.

Milk products today provide over half of the daily animal protein intake per capita in the United States. An average American eats 1,409 pounds of food per capita per year, of which 828 are crop products and 581 are animal products (red meat, poultry, eggs, milk products). Of those animal foods, an estimated 306 pounds are dairy products. When we lose this, malnutrition and epidemics are on the way for this country.
efficient means of reversing protein starvation, is eliminated.

As milk production shuts down, it is the giant international cartels that are moving in to manipulate the shortages and to dominate what remains of production.

Rationing ahead?

Dairy companies in Atlanta, Georgia warned in August that milk rationing will be needed. Milk output in the state has fallen 25% from last year. Tommy Irvin, the state agriculture commissioner has called for federal emergency assistance to ship in raw milk from Wisconsin, which still has a "reserve" supply.

Spot shortages and price hikes have been reported in many other parts of the country: Louisville, Kentucky; Portland, Maine; Billings, Montana; and throughout the southeast states.

The 4% national reduction means drastic shortfalls in the regions where farmers were most pressed to cull their herds or go out of operation altogether. Here are the latest reports:

- In Georgia, Alabama, and western Florida, milk output is down 14-25%.
- In New England, New York, and New Jersey, there is a 4-15% drop in output. Maine milk is down 20%.
- In eastern Pennsylvania and the mid-Atlantic region, milk output is down 10%.
- In Iowa, southern Illinois, eastern Kansas, and Missouri, milk output is down 9%.
- In Minnesota, milk is down 9%.

Slaughtering of the herds

The national cow herd has dropped by over 300,000 milk animals since last fall—a number which exceeds normal cull rates. In September of last year, a tax was placed on milk output: The dairy farmer pays the government 50¢ for every hundred pounds of milk he produces a month. This meant an increase in culling. Dairy experts in Wisconsin, the top dairy state in the country, expect that 20% of the state's dairy farmers will go out of operation because of the 50¢ production assessment.

On top of that, a milk "PIK" (Payment-In-Kind) program has been in effect since January of this year. Dairy farmers who signed up for this program get $10 for every hundred pounds of milk they don't produce a month for 15 months. To participate, farmers had to agree to cut their output 5-30%. If they "mistakenly" overproduce, their payments are held up. This guarantees that high producing dairy cows will go into hamburger.

The USDA reports that 37,530 dairy producers signed milk PIK contracts, which the USDA calls 12% of its national statistic of 303,580 "operations with dairy cows." However, 37,530 dairy farms is closer to 20% of the actual number of commercial dairy producers. In Georgia, almost 50% of the dairy farmers signed up for the program, because of the farm income crisis in the state.

Over the 15-month life of the milk PIK program, the USDA expects that at least 337,000 dairy cows will be culled which would otherwise be producing.

Farmers who enrolled in the milk PIK are prohibited from selling their cull cows to a farmer outside the program. In effect, they have no choice but to send them to slaughter. Cows which could be producing 12,000 to 16,000 pounds of milk a year are being sold to the slaughterhouses for $450 each.

Over the first six months of 1984, output per dairy farm is down by 6%, and dairy farmers are going out of operation by about the same rate.

As farmers comply with the government reduction program, the value of their herds has plunged. The assessed value of the Minnesota state dairy herds, for example, has decreased over the past year by almost 15%, or $100 million, due to the price per animal drop, as well as herd shrinkage. In 1981, the average replacement heifer in Minnesota cost $1,180; now the average is $890, a 25% drop.

For the first time in U.S. history, there is a decline in production per cow. In 1944, the national dairy herd was 44 million cows, which produced 15% less than our 11 million herd did two years ago. Now the dairy herd size is shrinking and milk output per cow has decreased by 1.4%.

Production cuts are justified on the basis of the alleged "huge U.S. dairy surplus," and the fact that dairy products have been piling up in government Commodity Credit Corporation (CCC) storage. But this results not from surplus production, but from the erosion of the ability of American households to pay for a decent diet. In any case, the "stockpiles" are illusory. All the butter in the so-called U.S. butter mountain represents less than a pound and a half per person for the U.S. population. The milk powder is less than half Africa's annual emergency needs. The CCC cheese, stored in the famous limestone caves in Kansas City, is molding, and there will soon be a national "cheese scandal" over short commercial cheese supplies. In addition, U.S. dairy exports, which should have been made a key input to world protein supplies, have been deliberately suppressed by world food cartels.

FIGURE 5
Top dairy-producing states accounting for over 50% of national dairy supplies

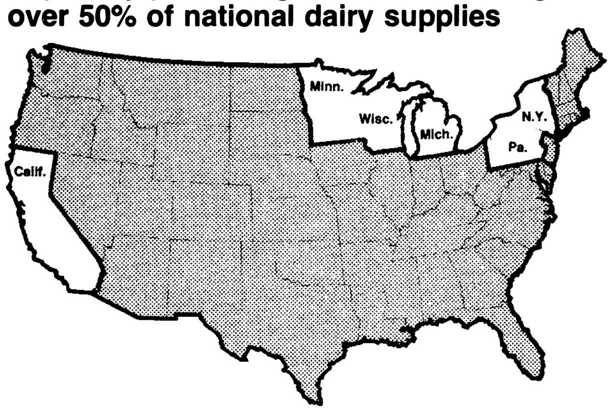

Figure 4
Decline in farm milk output for major consumption areas, 1983 to 1984

	June loss mill. lbs.	June loss percent	July loss mill. lbs.	July loss percent
New England, New York, New Jersey	−39.63	−3.2	−49.65	−4.1
Eastern Pennsylvania and mid-Atlantic	−76.10	−10.6	−65.65	−9.2
Western Pennsylvania and Ohio	−49.80	−7.8	−43.11	−6.9
Indiana and southern Michigan	−23.52	−4.1	−18.51	−3.2
Wisconsin and northern Illinois	−29.36	−2.4	−38.14	−3.2
Iowa, Missouri, eastern Kansas, central-southern Illinois	−52.50	−8.9	−46.55	−8.0
Georgia, Alabama, western Florida	−41.11	−17.3	−30.48	−13.5
Total for these areas	−311.99	−6.0	−292.10	−5.7
Total for United States	−441	−3.6	−480	−4.0

Source: Federal Milk Marketing District administrators and the U.S.D.A. There are 60 Federal Milk Marketing Districts in all.

The cartels take over

The productive capacity of the American dairy farm sector is being destroyed as part of a scarcity scenario developed by the multinational cartels, not the "law of supply and demand." As milk output drops, cooperative and independent dairy processors are shutting down or selling out to the few food giants—Bordens, Beatrice Foods, Kraftco, and others. These companies stage price wars and use thug tactics to obtain their dominant positions.

The prominent companies internationally are Nestles, based in Switzerland; Unilever, from Northern Europe; and the old British Empire corporation, the New Zealand Dairy Board, which is the largest private milk product exporter in the world. Bruce Stewart, the representative of the New Zealand Dairy Board in the United States, called the 50¢ milk production tax a "welcome development" to reduce U.S. production, which was "overshadowing the world market." "Our colony is very much dependent on agricultural production, including dairy. . . . We're preaching a gospel of containment of production in the United States, more in line with domestic production, to relieve problems that exist around the world in dairy markets."

In a giant asset grab, Nestles has now bought Carnation milk, the largest U.S. producer of evaporated and powdered milk products.