

World milk supply in drastic decline

by Marcia Merry

Not only output, but potential output of dairy products, and especially milk, is now declining rapidly on both sides of the Atlantic.

The United States and Western Europe together account for about 40% of the world's annual milk output. Technically, with much of the world starving, milk output could be easily doubled, and should be. The technology involved such as superovulation genetic techniques, and computerized herd-management equipment to regulate feeding, veterinary care, and breeding could increase output per cow to 30,000 and 40,000 pounds a year from the current good average of 12,000-20,000.

But instead, under the direction of food-cartel giants like Cargill, Inc., output is falling, and in many producer-areas, drastically.

March 30 marked the end of the 15-month-long federal milk reduction program in the United States, during which national milk output, herd size, and dairy infrastructure decreased to the point of severe regional shortages of raw milk. Yet, as of April 1, the U.S. Department of Agriculture used its discretionary powers to continue its output-reduction policy, in the form of maintaining a 50¢ per hundred weight (cwt) production penalty.

The exact way the government did this was a sleight of hand maneuver in which a 50¢-per-hundred-weight levy which every farmer was paying each month for the milk he produced was officially lifted, but at the same time, the government support price was reduced by 50¢ per hundred weight. The USDA rationale for this is the lie that there is still "overproduction" of milk.

While there is well publicized talk of certain farmers expanding their herds and "going for volume," such visions of sugar plums will not characterize the dairy picture overall. U.S. milk output declined by 4% in 1984, but output *potential* declined even more.

At present, the fluid milk supply to major sections of the nation—for example, the Southeastern states—is maintained by long-haul interstate milk movements. Farmers report that by mid-summer at the latest, there will not be enough milk produced in Wisconsin and the Midwest to meet these needs

and, simultaneously, the need for manufactured dairy products. At that point, severe shortages will show up.

The European picture

At the same time, the milk output of the 10 member-nations of the European Community is being reduced in parallel. Over 1984, the milk output of the Common Market nations went down by at least 4% under their "Quota Reduction" system, and thousands of farmers went out of business.

The USDA nevertheless asserts that milk production in the world will increase marginally this year, from a total of 408.954 million metric tons, to 409.058 million metric tons. They claim that the U.S. output will rise from 61.436 million metric tons to 62.502 million metric tons; they agree the European output will fall, in their estimation from 109.406 million metric tons to 107.013 million metric tons.

However, this is just so much lying and fantasizing. The potential for production is being destroyed on both sides of the Atlantic. Farmers are shutting down, and the capital stock of those remaining in operation—barns, machinery, stock—is deteriorating badly. The latest reports from Europe show the pattern.

In West Germany, 30,000 dairy farmers have voluntarily agreed to give up dairy production as of mid-February. This represents an output of 827,000 tons of milk-production capacity.

One of the largest feed compounders in West Germany, Plange-Kraftfutter of Bremen, filed for bankruptcy protection in court last month because of the drastic fall in feed sales.

In Britain, where shutting down all kinds of production has become a way of life:

- Farmers, in order to cut their costs under the dairy-reduction quota, slashed their feed purchases by up to 50% and put dairy herds out to feed on grass rather than on the new protein-rich special feed concentrates.

- Milk production dropped 8% over the last year.

- Sales of capital equipment to dairy farmers fell 45% from 22 million pounds down to 12 million pounds.

- The U.K. head of the Swedish-based Alfa-Laval dairy equipment company, makers of "De Laval" milking machinery, announced a 50% drop in the company's 1984 pre-tax profits, saying, "Our dairy equipment business just turned off like a tap. From the end of April [1984] we had no inquiries for new installations of anything. We are on the verge of absolute shutdown."

Compared to about 10 years ago, farm-equipment sales in Western Europe have collapsed. In 1976, there were 28,600 combine-harvestors sold to European farmers. Last year there were 17,100. Massey-Ferguson is now negotiating to get rid of its farm equipment plant in Aprilia, Italy, which employs 1,000 people. Its large combine-harvester plant in Marquette, France has remained closed since last June.