
Interview: Clint Van Vleet

Dairy farm crisis is a 'free-trade' disaster

This interview with Clint Van Vleet, president of the Texas Milk Producers Association, was conducted by Marcia Merry Baker and Marianna Wertz, on Feb. 27.

EIR: Nationally, farm milk prices dropped by 25-30% from last October to January 1997, down from \$16.50 per 100 pounds to \$11.40, or so. What led up to the crisis situation for dairy farmers, with the "milk dumping" or "milk give-away" protest actions that took place in Texas, and in many other states this January?

Van Vleet: To understand the dairy farm crisis, you must first understand how milk is priced. For the last 50 or so years, the U.S. government has had the milk marketing order system in place, which is designed to ensure that consumers will have a plentiful supply of affordable milk and dairy products, because they are such an excellent source of calcium and protein.

This federal order system worked well for many years, primarily because of the dairy support price, which sought to maintain a parity-price return to the dairy farmers. Parity is cost of production plus a fair profit. However, in 1982, the support price was decoupled from any level of parity, thus beginning the move to free-market-based competitive pricing. As the 1980s and '90s wore on, the support price was continually lowered, to the point that it no longer is an effective tool in stabilizing milk prices.

Farm milk prices are now set off of cheese prices, which are being dominated by the cartel of cheese buyers led by Kraft/Philip Morris. So a free market in competitive pricing really doesn't exist, and the farmers are being fed to the wolves.

EIR: There are very few dairy farms left in most states. How is it in Texas?

Van Vleet: There are only about 1,600 dairy farms left in Texas, and I expect that number to fall by 200 before the end of 1997, which means that even more milk and dairy products will have to be trucked into Texas. Texas is already a milk-deficit state, meaning that Texas dairies don't produce enough milk to meet the needs of Texas consumers. We're already trucking in milk and dairy products. This is bad for Texas consumers and rural Texas communities.

EIR: What kind of emergency economic relief should there be now for dairy farms?

Van Vleet: We need cost-of-production pricing, with milk moving from farm to market under volume contracts so that production and demand can be coordinated. It's that simple.

EIR: The "free trade" crowd likes to say, that food supplies can come from "global sourcing." They say, U.S. future milk supplies can be assured from giant factory herds, such as the 15,000-cow operation in Mexico, on the Texas border.

Van Vleet: There isn't much extra food in the world, but when America "global sources," it is really a matter of the rich buying up the food supply of the world's poor. I pity the developing nation that allows America to become dependent upon it for its food source; because I can see a situation in the future where we send the Marines into some South American country to maintain order: The real reason will be because we have become dependent on them for food, and they tried to raise the price, or whatever. A Third World nation, like Argentina, Brazil, Chile, will lose their sovereignty if they let us become dependent upon them for food.

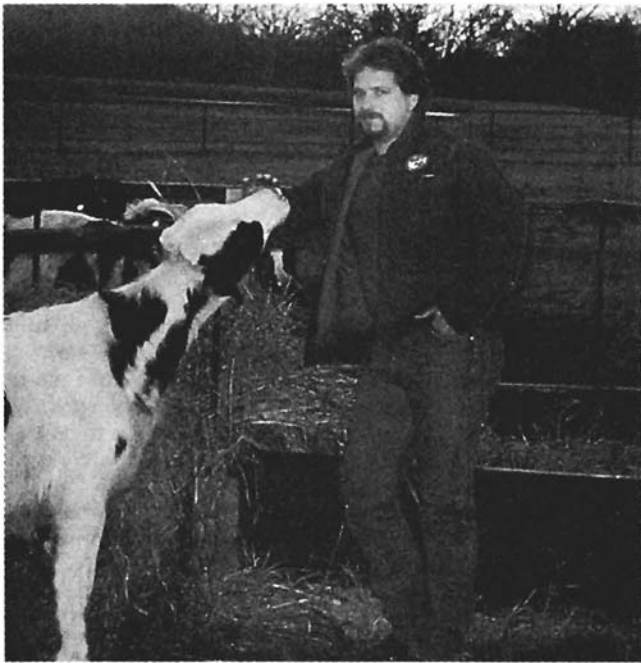
On the factory herd operations, the fact of the matter is that these big dairies have not proven that they can produce milk any more cheaply than the small dairies can. As you put out [of business] more small dairies, and you have just a few big dairies, they will then set their own price. And, they will be lined up with the cartel companies, and then people will really pay for food.

EIR: Secretary of Agriculture Dan Glickman says that only a so-called "market"-based pricing policy will be pursued nationally—even though it is well known that a cartel of dairy companies dominates processing, and rigs prices here and abroad (Kraft/Philip Morris, Unilever, Nestles, and so on). Glickman said, that the federal government will purchase more dairy products for domestic and international food relief, and school lunches, to create pressure to drive up farm milk prices. But, in deference to the 1996 Farm Law ["FAIR"—Farm Agriculture Improvement and Reform law], he will do nothing else to "micro-manage" prices for the dairy farmer.

Van Vleet: Name me one major industrialized nation that has proven it can economically feed its people on a free-market-based agriculture system. There are none. Free market means that there will be zero surplus.

EIR: You have been leading an educational campaign among farmers in Texas, on what the economic crisis is about, and what citizens must do. Can you tell us about that?

Van Vleet: Yes, I have been trying to show farmers how government economic and monetary policy affects them, and how it affects other types of laborers, and also how what happens to the farmer affects the rest of the country. I get into some subjects that a lot of people haven't really thought about.



“ ‘Free trade’ only gives more power to these worldwide mega-corporations, to control countries, their people, and their elected officials ”—Texas Milk Producers Association head Clint Van Vleet.

For instance, in one of the papers we sent out, I showed how, when you have supply-side economics applying to food, what goes on is the government having to cut the budget in order to feed the interest on our debt. In order to cut the budget, they’ve got to push people off of welfare. In order to get people off welfare, there have to be some new jobs created; even if they’re not good jobs, they still have to create new jobs, because they can’t just kick them out on the street.

EIR: Not yet, anyway.

Van Vleet: They probably will start doing that. In order to create these jobs, companies have got to grow and expand, but they can’t do that unless the Federal Reserve continues to inject new money into the economy. The Federal Reserve can’t do that if inflation rises. If inflation rises, then the Fed raises interest rates and closes down the economy.

So, what they’re doing, we feel, is holding down food prices, even if it means they’ve got to import the food to keep the price down. They’re doing that to keep inflation from rising, so they can keep creating and loaning out new money and keep this economy growing. The problem is, it’s all growing on debt, which will eventually catch up with us.

So, part of the reason we feel we’re being manipulated, is to get people off welfare. I myself would have better ways of doing this than that.

EIR: Italian dairy farmers also have been staging actions. They used their equipment to shut off highways to big airports

in Milan, Rome, and Venice. They are being fined for trying to market milk over a production quota assigned to them by the European Union. But the quotas on Italian dairy herds add up to only 60% of the national milk consumption of Italy.

Van Vleet: In a world with starving people, we have all this going on!

EIR: What do you say about Philip Morris/Kraft and the dairy cartel domination of milk?

Van Vleet: Free trade only gives more power to these worldwide mega-corporations, to control countries, their people, and their elected officials.

In conclusion, I would like to say that the free market is what human beings had before they established civilizations. The sole function of a country’s government should be to build and maintain infrastructure, so that the people can triumph over the elements, while leaving the non-essential side of the economy to run its own course. It looks as though the U.S. government is doing exactly the opposite. The winners will be these cartel corporations, and the losers will be the common people.

In order to stop this insanity, farmers and laborers must begin to work together, to build a new America.

What I see happening right now is, these corporations want to grow, they want to be the big dogs. In order to do that, they’ve got to accomplish two things that are usually opposing: One is, they have to increase corporate profits. The other thing is, they have to hold down prices, hold down inflation, because if inflation rises, interest rates rise, and then that whole speculation on Wall Street that builds up their stock value comes to a halt.

So, they have to increase corporate profits at the same time that they hold down prices. The only way they can do that is to lower their labor costs by, for instance, instead of having only one person in each family working, now we have two—that is, in effect, a reduction in what they’re paying for labor. They’re getting more work for less money. They also turn to other countries to get cheap labor, and they hold down commodity prices, as in farming. But when they do that, it becomes very difficult for them to keep up the purchase of consumables, because in order to keep all this going, the company’s got to be selling something; they’ve got to have somebody buying it. So, in order to keep up consumables purchases, somebody has to extend credit.

Right now, what is feeding this so-called economic boom, is only credit. Eventually, it’s going to come to an end. And it’s going to come to an end in an ugly way. And for America, it means a lot, because we are now a service-based economy, and when you stop the credit card money, and the credit money stops floating around, people aren’t going to be spending money on all these services and we’re going to have massive unemployment.

We’ll then see how important it is to have a plentiful supply of food in America.