

Thieves Target Milk Checks

Dairy farmers have suddenly entered a cash-price squeeze that's going to be brutal. Dairy commodity prices will pull down farm milk prices by several dollars per cwt. (compared to 2005) for perhaps the first half of this year. Farm production costs—propelled by energy-related bills—are zooming.

So what do the illustrious dairy co-ops propose? Make farmers pay for higher off-farm energy costs in transportation and manufacturing plants! What ever happened to the discipline of getting costs out of the market place?

For months, we have warned that it is absolutely wrong to expect dairy farmers to absorb higher costs for energy that occur in dairy's marketing chain, beyond the farm. Yet what do we see? Absolutely gutless dairy co-ops pursuing agenda that expect dairy farmers' revenue to cover higher farm-to-plant milk transportation costs ... AND ... further subsidize cheese and butter-powder plants' higher energy costs.

Such weakness in the market place, and gutless behavior by dairy co-op leaders, is going to kill dairy farmers. Mind you: the U.S. for the past decade has been a deficit milk-producing nation. There has been no "surplus" for the past decade—only massive imports that confuse the domestic supply/demand picture.

"Agri-Vated" Vermont farmer's example!

Let me give you an example of how absurd this recent barrage of "charge the farmer" foolishness is getting. Let's use our favorite fictitious Vermont farmer, Mr. Bass Ackwards, who milks 60 Holsteins somewhere near West Wardsboro, Vermont. (Bass Ackwards ships to the regional co-op, which he calls "Agri-Vate." ("Agri-Vate" bears unfortunate resemblance to Agri-Mark.) Here's a summary of assessments from his milk check that Bass Ackwards faces, if "Agri-Vate" gets its way:

-\$0.30/cwt. Agri-Mark reblends, as of 1/06

-\$0.51/cwt. Agri-Mark's proposed deducts for plant "make-allowances"

-\$0.32/cwt. Proposed Class I hauling credits that Agri-Mark supports

-\$0.03/cwt. "Milk Tax" proposed by G. W. Bush

-\$1.16/cwt.

These plus usual deducts may be absorbed by Mr. Ackwards, in addition to his coping with a decline of perhaps \$4/cwt. in milk prices in the first half of 2006. "Agri-Vate" charges Bass Ackwards co-op dues and hauling. Mr. Ackwards' milk check is dunned to pay a \$.15/cwt. national dairy promotion fee. (He notes we're looking at farm milk prices that will probably be *LOWER* than in 1983-84, when the federal milk promotion check-off was created to raise dairy farmers' prices. "That ain't what we call progress in Vermont," said Ackwards.)

And "Agri-Vate" pays five cents/cwt. out of Bass Ackwards' milk income to kill dairy cows through National Milk Producers' CWT program.

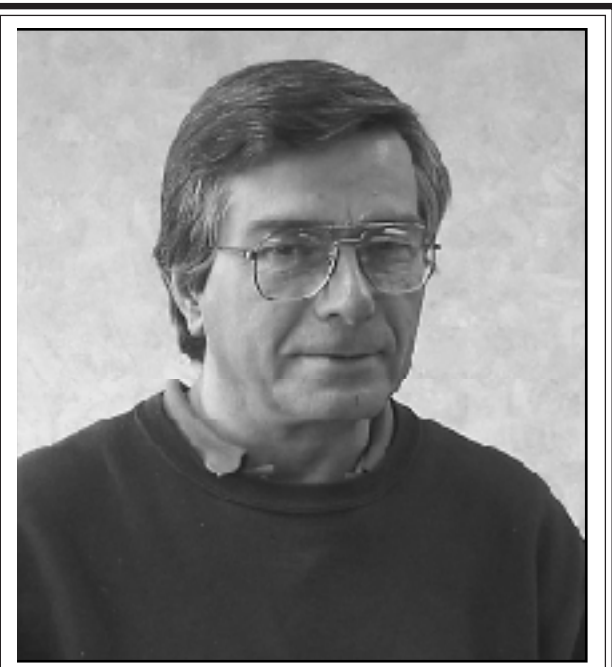
("An' don't forgit ... 'Agri-Vate' has my equity of \$1.50/cwt. on a year's milk production. That's a bundle of dough," Mr. Ackwards laments.)

With co-op dues, existing milk hauling and "stop" charges, CWT, dairy promotion, "Agri-Vate" reblends, "emergency" proposals to dun more money out of Ackwards' milk check for hauling and manufacturing plants, PLUS G.W. Bush's "milk tax," Bass Ackwards estimates that by later in 2006, he'll see deducts and "squeezins' out of his milk check totaling over \$2.00/cwt., when all deducts are added in.

Any resemblance between these characterizations and actual persons and/or events is purely lamentable. There is no Vermont dairy farmer named "Bass Ackwards." But there are a lot of Bass Ackwards dairy co-op leaders.

Can't any dairy leaders or dairy policy makers see that all value in this industry starts with the dairy farmer? Bleeding the farmers' milk checks dry—in these times of plunging farm milk prices and dramatically escalating energy costs on the farm—will kill the most important creature in our industry, the dairy producer. Lose too many dairy farmers and we'll all be scratching our heads, puzzling over future employment options.

A wise parasite does not kill the host...



Pete Hardin