Agriculture by Marcia Merry

Will USDA turn off the milk supply?

Following its "production levy," the Senate wants to start paying dairy farmers to cut output even more.

As if the Payment In Kind program for grain were not disastrous enough for U.S. agriculture—reducing planted acres during a severe drought and adding unnecessarily to the government deficit—a program has passed the Senate that would authorize the USDA for the first time to pay dairy farmers *not* to produce.

This bill comes in the wake of the implementation Sept. 1 of the $1 levy every dairy farmer must pay to the government for each 100 pounds of milk—approximately 12 gallons—he produces.

The levy is supposed to help defray the storage costs of the government-owned surplus dairy products—milk powder, cheese, and butter. This "production tax," which will start cutting into farmers' cash flow in October, could well be the breaking point for many milk producers already threatened by high interest rates and increasing prices for feed and other necessary supplies.

The only relief will be offered to farmers who can demonstrate that they have reduced milk output by at least 8.4 percent, a figure set by the Agriculture Department based on their exaggerated statistics on national food surpluses; farmers who cut production this much will receive a refund of 50 cents off the levy.

The Senate passed S.1529, "The Dairy and Tobacco Adjustment Act," on Oct. 7. Dairy farmers are to sign up with the USDA and agree to reduce their milk output by 5 to 30 percent of a base amount, the average of their 1981-82 production. In exchange, the government will pay $10 for every hundred pounds of this milk not produced each month, during the 15-month life of the legislation.

The bill will come up for House action after Congress resumes in mid-October. Observers think it will pass, and that the President will probably sign it.

The effects will be extreme. Good dairy herds take years to develop, and cannot be put "in and out" of production. The scale of slaughter of dairy cows is expected to be so great that the National Cattlemen's Association and the National Pork Producers Council are projecting big financial losses in meat sales, when an expected 500,000 to 1 million additional dairy cows will go to market because of the new law.

Culling of herds is already under way. Experts at the universities of Wisconsin and Minnesota are predicting a minimal loss of 15 to 20 percent of dairy farmers in those two top milk-producing states in the next five years.

The dairy farm organizations backed the bill as the only way to keep up their cash flow—and in deference to the myth that "supply must be brought in line with demand." Sen. Bob Dole of Kansas told dairy and other farmers that they must find ways to reduce their "surplus production" or urban congressmen will take care of it for them.

In the new bill, the dairy farmers also agreed to take a price-support cut in the $13.10 they now get for every 100 pounds of milk they do produce, down to $12.60; they agreed to new levies of 50 cents a 100 pounds of production if the government storage stocks continue to rise.

In fact, the USDA is lying when it terms the buildup of stocks a "surplus." Block's department and the Bureau of Labor Statistics are deliberately understating the loss of food-purchasing power of the average American, and the inability to afford meat and milk.

The actual amount of milk product in storage (440 million pounds of butter, 1.01 billion pounds of cheese, and 1.4 billion pounds of milk powder) is the milk equivalent of about 14 percent of current annual production. This has built up over a period of years, during which time per capita consumption of milk in the United States has dropped and U.S. dairy exports have been suppressed by the action of the world dairy cartel companies—Nestlés, Unilever, and the New Zealand Dairy Board (interlocked with British trading companies). A New Zealand Dairy Board official said of the new U.S. dairy reduction policies, "Our colony is very much dependent on agricultural production. . . . We've been preaching a gospel of containment of production in the United States."

This international cartel is also pushing for drastic cutbacks in the milk output of the European Community, which represents about 28 percent of world production. The United States now accounts for about 15 percent of world output. Their policy is for "strategic reserves" and scarcity. In fact, the total U.S. "milk powder mountain" would supply only one year of the current world export market, because world trade in dairy products is kept so small.