There goes your milk

The government program to slaughter milk cows is causing severe shortages in some regions.

As schools opened this fall, record amounts of raw milk were being shipped across multi-state lines, in an attempt to guarantee children's milk supplies without rationing. At the same time, some farmers in New England and Wisconsin were dumping milk to publicize their below-cost-of-production milk prices. In Washington, D.C., health officials had to shut down a black market in cheap dairy products made from unlicensed, raw milk imports.

From these few facts, plus September government figures showing that national milk output is falling and dairy farmers are in worsening financial crisis, you might deduce that the federal milk policy is screwed up.

However, the U.S. Department of Agriculture is still "uncertain."

For example, in testimony to Congress earlier this month, Darwin Carter, a USDA official at the Agriculture Stabilization and Conservation Service, said, "With regard to whether we are in fact reducing cow numbers, the answer is yes, but the magnitude is yet uncertain."

In fact, even the USDA figures available, however unreliable they may be, do show the trends in the dairy sector. We are now in the fifth month of an 18-month program called the "dairy herd termination program." This plan was mandated by the 1985 farm law, ironically called the "Food Security Act of 1985." The law calls for a significant reduction in milk cow numbers and milk output over an 18-month period, supposedly to cause higher milk prices for farmers—due to the "laws" of supply and demand. The program is also intended to save the government money. Dairy farmers who agree to liquidate their herds and stay out of dairy farming for five years, are to get government compensation, but the government expects to pay out far less than in its milk stabilization program, under which it buys unsold milk products and stores them.

According to Carter and other government officials, it is still too early to tell if the "experiment" will succeed. Carter told Congress he expects that government stabilization purchases of unsold dairy products will fall from 12.5 billion pounds this year, to 5.7 billion pounds next year. The decline is already taking place.

What this reduction means is regional milk shortages in many parts of the country, and the shutting down of milk export potential. The international dairy cartel—Nestlés, Unilever and the British Empire's New Zealand Dairy Board—have used every influence in recent years to drastically reduce independent U.S. dairy-output capacity, permanently. They are now getting their way.

Meantime, the reason dairy output will continue to remain unsold, is that U.S. households cannot afford to buy all the dairy products they would like (fluid milk, ice cream, butter, and high quality cheese).

The dairy herd reduction program began in April. National milk output remained stable and rose slightly through May. It declined in June, and as of July and August, started falling below levels of a year ago. (Milk output normally declines somewhat over the hot summer months.)

Nationally, milk production in August fell 2% below the levels of August a year ago, but regionally the decline was much greater. In the southeastern states, for example, output reduction has been so great, along with the general process of farm bankruptcy, that severe milk shortages have resulted.

In Iowa, there was a 9% drop in milk output from August 1985 to August 1986, when the monthly state milk output was 321 million pounds. In North Carolina, hard hit by the drought, there was an 8% drop over that period. Minnesota experienced a 7% decline in milk output, down to 817 million pounds in August.

In Wisconsin, the top dairy state, milk output fell "only 3%"—according to the USDA. But this represents 67 million pounds of milk, reducing the August state output to 2.16 billion pounds.

Nationally, the numbers of milk cows has fallen from 9.27 million to less than 9 million. By the end of the 18-month program, the USDA plans to have slaughtered or exported 1.5 million milk cows.

The only reason that milk production has not dropped more already, is that in some regions, the rate of milk output per cow has continued to rise. The impact of sending at least 300,000 milk cows to slaughter was partially offset by increased output from the remaining animals. In a Sept. 1 survey of 21 states, the USDA reports that monthy milk production per cow averaged 1,138 pounds, 5 pounds more than the rate of a year ago. In the top dairy producing states of California, Pennsylvania, and New York, average monthly output per cow either rose or remained stable over the year.