

Agriculture by Marcia Merry

Schools get 'long distance' milk

The Department of Agriculture's effort to end "surpluses" has succeeded: We're about to have shortages.

The week of Aug. 17, a record number of 92 interstate semi-tank truckloads of milk left Wisconsin for destinations in the Southeastern states—part of an unprecedented flow of milk from northern milk producing regions—to help augment milk stocks for school openings in September. The trucks carried 4.5 million pounds of milk—an all-time high amount—which went to Florida (47 truckloads), Georgia (22 loads), South Carolina (21 loads), and Illinois (2 loads).

This long-haul flow of milk is just one indication of the fact that there are acute regional shortages of fluid milk in the nation, as well as a nationally reduced milk output. Even worse, the capacity to produce in the future is also being undermined.

Because of the drought, which has brought high feed costs, high temperatures, and water shortages, dairy cows are going to slaughter at higher rates. Some farms have gone out of operation altogether, and dairymen are financially squeezed under an average milk price level of \$11.60 per hundredweight, about half of their costs of production, or the parity price.

The national dairy herd now numbers fewer than 8.8 million animals, down from over 11 million before the federal milk reduction policies took effect.

The largest state dairy herd is in Wisconsin, the national center of U.S. dairy farming. At present, there are 1.752 million cows in the Wisconsin herd. Because of the drought, Wisconsin had 33,000 fewer cows in July

1988, than in July 1987. Numbers in the state dropped 8,000 from June to July this year. In almost every milking herd, one cow per hundred had expired from the heat.

However, the threat to the national milk supply predates the drought. Two successive federal policies aimed to drastically reduce U.S. milk output: first, the "Milk PIK," or paid milk reduction program that drew down dairy herd numbers in 1984; and second, the "Dairy Herd Termination Program," that followed the 1985 National Food Security Act, the current national farm law.

These programs offered incentives to farmers to get out of dairying, at a time when the price most farmers received for milk was below their costs, as it is at present. The recent Drought Relief Act, has made a gesture of support for dairy farming by authorizing an extra 50¢ per hundredweight price-support increase for milk for a three-month period in spring 1989; and by staying a prescheduled 50¢ decrease in the support price that would have gone into effect in January 1989.

Relative to the combined impact of the drought and the recent years of low milk prices, these gestures will not suffice to shore up the U.S. milk supply.

Nationally, the fabled "mountains" of government-held cheese, milk powder, and butter have melted. As of April this year, there were no more cheese stocks for distribution in the Temporary Emergency Food As-

sistance Program (TEFAP), through which some 15-18 million people get some form of food help. Now, the milk powder is all but run out.

There are no stocks to assist the school lunch and other institutional programs this fall. There are also few or no supplies for the PL 480 international food relief program.

The U.S. Department of Agriculture defends this situation of dwindling stocks and declining herds by saying that the existence of "surpluses" depresses the milk market, and that school and other programs can just switch over to other surplus stocks, such as peanut butter or lard. The USDA further implies that dairy farmers can inevitably "hold on" through drought and price squeezes, and "bounce back" when more milk is needed.

However, milk cannot be turned back on like a spigot, after the drought and depression conditions now causing the herd and milk decline.

In New Hampshire, for example, there has been such a depletion of dairy herds that, in August, state officials began considering local emergency measures to attempt to restore the regional milk flow.

Probably soon after schools open, the regional shortages will show up dramatically, and not merely in fluid milk.

On Aug. 19, the price of wholesale cheese went up a record one-day increase of 4.75¢ a pound for barrel cheese at the national cheese exchange in Green Bay, Wisconsin. Figuring about 10 pounds of milk goes to make a pound of cheese, this will translate into an increase for the dairy farmer of about 47¢ per hundredweight of his milk. But how many dairy farms will still be in operation to provide the products on the scale required for the food needs of the country?