

Current Dairy Crisis: WORST SINCE GREAT DEPRESSION

For more than three months I have been communicating with many industry leaders about the financial crisis all dairymen are currently facing. Because the leadership is failing to be responsive to this crisis, dairy farmers are losing \$4 to 5\$ per cow per day, and as this article goes to print, no help is on the way.



Many plans to improve producer pay prices have been offered. Some co-ops have formed task force committees to review proposed corrective plans and to form opinions and recommendations for their respective cooperatives to support. To date, no nationally organized conclave has been planned, like the conclave that formed the C.W.T. program within 30 days.

Base plan proposed

I have proposed a "36-Month Base Plan" and it is being considered along with other proposals. The outline of this proposal is:

1. Legislation to assess a market clearing charge of \$6 per C.W.T. on milk shipped over a producer's established base.

2. The marketing clearing charge, after administrative costs, would be sent to the Cooperatives Working Together Committee for use:

- Matching the national dairy cow population's production with domestic and known export needs.
- To catch up on cattle retirements by buying and converting very young dairy heifers to growing beef cattle.

3. The initial production cutback to be 5% for the first two months, during which time an "ag committee" will announce production needs for future months.

4. The "ag committee" will work with the Farm Service Agency to report monthly production entitlements to co-op's, etc. for purposes of assessing the market clearing charges.

5. During the 36 months of this plan, the "ag committee" will work on revising:

- A better way to match supply with anticipated demand in the future
- Correcting the flaw in the current milk pricing system where the last carload

of cheese sold on the Chicago Mercantile Exchange dictates the price dairy producers are paid for all of the milk they produce.

This concept for change, or any of the other proposals, or any combination thereof, must be considered and acted on now. Dairy producers are desperate to see an immediate change in the price they are paid for milk they produce. They are literally being financially suffocated and many dairy operations will die. Producers will no longer be pacified with "hope" for a change, they have to "see" the change, and now, and then work on the accountability of those who have allowed this crisis to happen, the worst since the great depression. □

FYI

■ Gary Genske is a managing partner with Genske, Mulder & Co., LLP, a certified public accounting firm representing clients who produce 12% of the nation's milk in 28 states. He is also a partner in two 2,000-cow dairies in New Mexico, and one 1,000-cow dairy in Virginia. He can be reached at 949-650-9580 or e-mail him at garyg@genskemulder.com

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