

Historic time of grassroots involvement Coast-to-coast meeting reviews plans in Chicago

By Sherry Bunting

CHICAGO, Ill.—The quest for clear-cut answers filled the room at the Westin O'Hare near the airport where nearly 60 people, representing 30 organizations from coast-to-coast, flew in or drove to evaluate preliminary findings of "An Analysis of Programs to Reduce Dairy Price Volatility."

The economic model was built by Dr. Mark Stephenson, University of Wisconsin-Madison (formerly at Cornell), and Dr. Chuck Nicholson, Cal Poly-San Luis Obispo, to independently evaluate the long-term impact of leading supply management / dairy policy plans.

Included in the analysis were: the Costa/Sanders bill, known as the Dairy Price Stabilization Act of 2010 (formerly known as the Holstein plan or California Milk Producers Council growth management plan), the primary portions of National Milk Producers Federation's Foundation for the Future, and the Marginal Milk Pricing Proposal put forward by Agri-Mark.

Traveling to Chicago for DPAC were Dennis Wolff, government relations consultant; board member Duane Hertzler, a Pennsylvania dairy producer; board member Alan Kozak, an Ohio dairy producer; and ad hoc member Dave Forgey, an Indiana dairy producer.

The two-day meeting was informative and a good opportunity to connect with producers and industry leaders from across the country.

In addition to the long list of producer organizations and co-operatives, a legislative contact also attended from Senator Bernie Sander's office. Also attending was Andrew Novakovic, chairman of the Dairy Industry Advisory Committee

The bottom line is: This is an historic time of grassroots producer involvement in future dairy policy.

The two-day meeting was very interactive. Participants were schooled in the workings of the economic models developed by Drs. Stephenson and Nicholson. After a thumbnail sketch and examples of how the modeling works, the group looked at sets of introductory charts and graphs provided by the



DPAC Update

'Controlling your own destiny'

Building relationships was a big part of the two days in Chicago last week, where DPAC was invited to join 30 organizations from coast-to-coast in their preliminary review of various supply management plans and dairy proposals through the lens of an economic model developed by Drs. Mark Stephenson and Chuck Nicholson. At breakfast on the second day are (from left) DPAC board member Duane Hertzler, a Loysville, Pa. dairy producer; DPAC government relations consultant Dennis Wolff, also a dairy producer; DPAC ad hoc member Dave Forgey, Logansport, Ind. dairy producer; Doug Maddox, past Holstein USA president and a Riverdale, Calif. dairy producer; Sherm Pollinder, a Washington State dairy producer with Darigold (Northwest Dairy Association); DPAC board member Alan Kozak, a Millersburg, Ohio dairy producer; and Hank Van Exel a Holstein USA board member and Lodi, Calif. dairy producer. Photo by Sherry Bunting

economists with a few general and preliminary findings.

However, as participants began to pose questions and provide input, further analysis was conducted in "real time" and the charts and graphs began to reveal the deeper dimensions as to how these plans would potentially affect the:

- 1) degree of variability in milk prices;
- 2) effect on dairy industry structure or consolidation;
- 3) cost to the federal government;
- 4) effect on cumulative net farm operating income.

Because of the in-depth nature of this analysis, the meeting participants wanted more work to be done before releasing the preliminary economic analysis to a widespread audience. A final report is expected in early September.

All growth management scenarios were shown to reduce the price volatility for farmers and the cost to the federal government. But the group also wanted a better idea of the effect on cumulative net farm operating income and on structural change in the industry.

While the results are still preliminary, the differences were more clear-cut in how each of the differ-

ent proposed programs would operate.

Like DPAC, many groups at the table have not endorsed a supply management plan and were hoping to get a better handle on the economics. At the end of the two days, it seemed there is as much philosophical discussion yet to be had as there is the need for further economic analysis.

DPAC's Hertzler, Kozak and Forgey were among the 15 to 20 active dairy producers participating in the two-day meeting. They appreciated the invitation and opportunity to build relationships with other dairy producers and industry leaders.

Meals were the time for sharing ideas and to talk not only about the proposals being analyzed, but also ideas for milk pricing reforms as DPAC board members met up with individuals from other regions.

California dairy producers Doug Maddox and Hank Van Exel, with Holstein USA, along with Sherm Pollinder of Northwest Dairy Association, shared their views that dairy producers lack an appropriate degree of leverage in the marketplace, and in the political arena. They see supply management as a first step to give producers a bet-

ter position for discussing other changes in dairy policy.

Vermont dairyman Bill Rowell, of Green Mountain Dairy, shared his concerns about the future vitality of the dairy industry. "The knuckles are pretty white up in our area," he said. Rowell is a member of Dairy Farmers Working Together (DFWT).

A contingent from the Southeast—Maury Cox, executive director of the Kentucky Dairy Development Council, Everett Williams, of Georgia Milk Producers, Ben Shelton, a Virginia dairyman and member of Upper South Milk, and Calvin Covington, retired dairy industry executive with Southeast Milk—also traveled to Chicago.

They were interested in the preliminary analysis, but wondered how it would look in the Southeast, where dairies are under the pressure of low margins and milk price erosion in a region that is milk-deficit.

"We have arrived at a time in history where farmers ideas are being put on the table and the grassroots are becoming more involved in dairy policy," Hertzler reflects.

Andrew Novakovic, Cornell University dairy economist and chairman of Ag Secretary Tom
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Vilsack's Dairy Industry Advisory Committee made a similar observation. "The grassroots groups are having an effect on the national discussion," he said after the meeting. "I'm not sure we would be where we are right now without that."

"The document they are working on for September will be helpful for the industry to look at to make informed decisions," noted Dennis Wolff. "There was good information here and the significant time the researchers

put into this was very evident."

The coalition of groups that funded Stephenson and Nicholson's research has been meeting for months now, and it was evident that this is still "a process" more than an "answer."

One key message was the importance of "staying engaged and connected to the process."

The coalition that funded the study included: AgriMark, AMPI, Dairy Farmers Working Together, DFA, DairyLea, Holstein Association USA, the Milk Producers Council of California, National Farmers Organization,

Northeast Dairy Leadership Team, NEDLT - Upstate Niagra, Family Dairies USA, Northwest Dairy Association, St. Albans Cooperative Creamery, and Western United Dairymen.

Other organizations attending last week's meeting in Chicago included: Dairy Policy Action Coalition (DPAC), California Dairy Campaign, Continental / Select Milk Producers, Dairy Producers of New Mexico, Georgia Milk Producers, Kentucky Dairy Development Council, Land O'Lakes, National All Jersey Inc., National Farmers

Union, National Milk Producers Federation, Oregon Dairy Farmers Association, Southeast Milk, Inc., Upper South Milk Producers Association, Utah Dairy Association, and the USDA Dairy Industry Advisory Committee.

Look for more information in a future edition of Farmshine about the differences between how the different supply management and/or dairy stabilization proposals would operate.