Senator Gaylord Nelson

Folder Citation: Collection: Records of the 1976 Campaign Committee to Elect Jimmy Carter; Series: Noel Sterrett Subject File; Folder: Senator Gaylord Nelson; Container 89

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Carter-Mondale%20Campaign_1976.pdf

Wi onsin

In-house
aj

703 573
9652

SENATOR GAYLORD NELSON

(202) 225-5323
224 (312)

FOR RELEASE MAR. 26, 1975 75-50

WASHINGTON, D.C. MAR. 26 -- Milk price supports should be raised to 85% of parity to prevent the collapse of the dairy industry and to insure consumers an adequate supply of domestically produced milk and milk products, Sen. Gaylord Nelson (D.-Wis.) declared today.

He made the declaration in a statement on the Senate floor supporting a move to raise the support from its current 80%. The bill also calls for a quarterly review of prices for a possible adjustment on the support level to reflect inflation.

The quarterly review feature survived when the House of Representatives passed a farm bill recently. But a move to raise parity to 85% failed, and the 80% level was retained.

USDA FARM FOOD MARKET-BASKET STATISTICS SERIES
OFFICIAL STATISTICS: HENRY BADGER
447-8454 (202) USDA [ERS]

Here is the text of Nelson's statement:

GIL ROHDE

Any declaration that the dairy farmer had benefited from a rise in the price of milk and milk products is totally wrong. Rather, the dairy farmer has suffered more from our ~~uncertain economy~~ than virtually any ~~other member of society~~.

RETAIL PRICE DAIRY PRODUCTS
1965-1975: 70% INCREASE
OF THAT, 57% WAS DUE TO HIGHER RETURNS TO FARMERS: 43% COST

1 In the past 10 years the dairy farmer has received only 6% of the price increases in dairy products. The other 94% went to all the other people in the marketing chain -- the processor, the wholesaler, the retailer -- not the farmer.

GIL RHODY - PRES. WISCONSIN FARMERS UNION Chippewa Falls, WISC
PROF. HARLAND HUGHES - U. WISCONSIN (DEPT AG. EC) MADISON, WISC. TILLMAN GRAF

In 1974 the farmer got a little more of the increase, but it was only 15%. The marketers retained a hefty 85%.

1973 46¢
1967 39¢

2 In 1967 farmers were getting 46¢ of every dollar that consumers were spending on food. Last year farmers were getting only 42¢, resulting in a drop in farm net income of 17%.

1974 43¢
1975 42¢

same sources ALSO: TALMADGE'S OFFICE ★ ★ 51,000 FARMS

It should not be necessary to point out that in the wake of these relative decreases in income, farmers have suffered exceptionally from the inflated costs of feed, equipment, and fuel.

FARMERS UNION MILK MARKETING SYSTEM - MADISON. ASK RHODY.

YOUNG ECONOMIST NEWSLETTER

Things have come to the point that the average Wisconsin dairy farmer -- despite his considerable managerial expertise in a major business, and despite the fact that his entire family works exceedingly hard to help him -- earns less money in a year than is earned under the minimum wage by a waitress.

(MORE)

Economic Research Service:
447-8701
ALDEN Manchester ERS

85% voted
HHH now has 80% proposed

WARREN SAWALL
(202) 224-1492

asst.
(202) 447-4392
US Dept Agriculture
HERB FOREST Milk Market Division

Let there be no mistake. The American dairy farmer is faced with an economic crisis that is bankrupting him. Unless that crisis is resolved, our grandchildren, as one expert has put it, may have to take their children to zoos to see dairy cows.

That is not an exaggeration. Since 1951, 60.3% of the nation's dairy farmers have quit. From 1969 to 1973, 56% quit. In Wisconsin alone the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974.

The total number of dairy cows in the United States has decreased by almost 10% since 1969. Most distressing, our national milk production has leveled off and actually declined recently at a rate that indicates, according to a University of Illinois study, that we will no longer be self-sufficient in the production of dairy products as early as 1980.

Let me tell you about the situation faced by a dairy farm operator in Wisconsin who would be considered above average in his farm management.

What does this above-average farmer in Wisconsin receive?

In 1974, assuming he received the statewide blend price of $7.70 a hundredweight paid for milk, and that he had a herd of 40 cows, his income would have been $36,960.

His expenses, simply for the feed, fertilizer, gasoline, etc., in producing that milk, would have been $5.82 a hundredweight, or a total of $27,936 for the herd.

Obviously, this farmer does not keep the difference left over for himself and his family. Out of that difference of $9,024, he must pay the interest ($4,210), on his loans -- and make payments against the principal also. In addition, he will also have property taxes to pay.

So finally, this above-average dairy farmer is faced with a situation in which he and his family have worked hard all year, earned nothing for the use of their $105,000 principal, and ended up with a total amount of money that is below the national poverty level of $5,400.

It should be stressed that this is an above average farmer whose cows produce at least 12,000 pounds of milk each year, and who receives a price of $7.70 per hundredweight for that milk.

In fact, the great bulk of Wisconsin dairy farmers in February, 1975, received $6.95 a hundredweight for their milk, and the average cow in Wisconsin produces 10,000 not 12,000 pounds of milk per year.

These farmers each can expect, at this rate, to have total incomes of $27,800 against expenses of $23,280. Out of the remaining $4,520 must come their interest and principal payments on loans, their property taxes, and something for the family to live on.

(MORE)

Obviously, these more typical Wisconsin dairy farmers won't be able to make their commitments and won't have any money left over for their families. They are going bankrupt.

If a Wisconsin dairy farmer could get his $105,000 equity out of his farm -- and right now that is almost impossible -- he could earn more than $8,000 a year on it without lifting a finger simply by placing it in bank certificates of deposit. He could take a 40-hour a week job at the minimum wage and earn an additional $4,600, for a total of $12,600 a year. And when his two-week vacation period rolled around, he wouldn't have to worry about any milking problems.

This problem of placing a floor under the income of our dairy farmers, of providing them with a minimum wage, is critical because it involves 25% of our national food supply and one of the best protein sources we have.

Other countries have recognized this problem and have acted to assure themselves of viable dairy industries with their farmers assured of a liveable income. Canada, for example, from October of last year, set price supports at $9.41 a hundredweight and has just now increased that to $10.12. The Common Market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per cwt., increased that to $8.59 on February 1, and announced a further increase to $8.99 for Sept. 16, 1975.

American dairy farmers' wage earnings are a scandal. If the farmers went on strike and properly told their story, their cause would have the enthusiastic support of organized labor, the nation's clergy, and even substantial portions of the nation's press.

Certainly at the present support level, the average dairy farmer will be forced to quit production. Not all of his cows will go out of production, but the rate at which farmers are quitting and cows are leaving production, it is apparent that consumers are in for trouble. We can lose self-sufficiency, we can destroy the productive capacity for 25% of the nation's food.

Over and above the critical loss of 25% of our food, the general public would suffer otherwise if our dairy industry is destroyed. Our dairy farms earn $1.3 billion each year, which in turn generates an additional $47 billion in the gross national product. Everyone of the 490,000 dairy farms in the nation generates an additional five jobs in related industries, a total of 2.5 million jobs throughout the country that could be jeopardized.

Editorial opponents of the increase to 85% price supports for dairy farmers ought to get their costs straight. Almost continually they have quoted figures supplied by the Department of Agriculture, which suggest a cost increase of 8 to 10 cents a gallon on milk and 10 cents a pound on cheese, figures readily refuted by Rep. Berkley Bedell of Iowa in a letter to the Washington Post March 19, 1975.

Interestingly, The Post has continually used the Department of Agriculture's inaccurate cost estimates even after running the results of an in-depth study by Chase Econometric Associates, Inc., which projected the increased cost of milk at 3 cents a gallon.

There are encouraging signs that American consumers and their representatives in Congress are beginning to understand their own personal stake in these matters. The huge majority in the Congress that supported the 85% parity bill late last year points to this. Renewed interest of urban representatives to serve on the congressional committees on agriculture give additional testimony.

That is promising, but time is of the essence. If we do not stabilize our dairy industry by providing an income floor, our dairy farmers will be forced to quit. That would be an outright disaster for them personally. It would be an absolute catastrophe for the American consumer.

# # # #

3215WSJM