

Farmers are a cog in the wheel

By Kara O'Connor

Wisconsin Farmers Union Government Relations Director

The farmer is the central cog in a system wherein all ancillary cogs profit because the central cog keeps turning. Seed and agrochemical companies, animal breeders, equipment dealers, crop insurance salesmen, and bankers on the front end, and food processors and manufacturers on the tail end – they all need the farmers' wheels to keep spinning in order to make money.

These ancillary cogs fuel overproduction. The more corn a farmer plants, the more profit for the seed and agrochemical companies. The more cows a farmer breeds, the more profit for the animal genetics companies. The more loans a farmer takes out to expand his operation, the more profit for the banks and equipment manufacturers and dealers. The more surplus farmers produce, the lower the price of agricultural commodities for food processors.

All of the most powerful players in the agribusiness industry, except the farmer, benefit from overproduction. For farmers, the economics of this overproduction are so bad that many have been forced out. In Wisconsin alone, we've lost nearly 500 dairy herds so far in 2018. That loss has rippled across the countryside, leaving some wondering why Congress couldn't step in and manage overproduction, like Canada has done with dairy, and like the U.S. government has the ability to do for cranberries.

But, because all of the ancillary cogs benefit from overproduction, the agribusiness sector marshals its lobbying power in Washington to oppose supply management. Case in point: powerful dairy processing interests successfully lobbied to get overproduction management taken out of the last Farm Bill.

But the agribusiness industry still needs farmers to keep the ship afloat. If agribusiness does not step in to help farmers get a fair price, what do they do instead? They go to Congress to make sure that average farmers get just enough government subsidies to stay in the game one more year, keeping the central cog turning so they get their piece of the pie. It's a clever strategy on the part of the agribusiness sector - reap the upside benefits of a "free market," but get the U.S. taxpayer to cover the losses. We're seeing this yet again, as the USDA's Risk Management Agency, in partnership with the American Farm Bureau, recently unveiled a new insurance plan for dairy farmers facing unexpected declines in quarterly milk sales. Akin to the federal crop insurance program, the protection would offer coverage levels from 70 to 95 percent of revenue.

Although some very large players collect enormous sums in subsidies and crop insurance, for average farmers subsidies are just a mechanism for keeping one's head above water and staying one step ahead of ever-rising input prices and stagnant commodity prices.

The farmers I know would rather receive fair prices for their products at the farm gate, rather than having to live with the stress of volatile markets and the unknowns of whether emergency relief and insurance will kick in. The real beneficiaries of federal farm subsidies are agribusinesses, because the subsidies fuel the central cog in their profit machine that would have otherwise run out of gas a long time ago.

What makes this confusing is that "farm" groups are often out front pushing these policies. There are two reasons for this: first, if you are drowning and need a life preserver, are you really going to refuse one that is thrown to you? No! You are going to grab the darn life preserver that's thrown to you. This is one of the ways agribusiness companies benefit from farmers being in a continual state of desperation. We too often settle for (and lobby for) any crumb of helpful policy that comes our way, even if tacked onto a big cake that goes elsewhere.

There is also a tendency for farmers to see their interests as synonymous with those of their bankers, supply co-ops, crop consultants, dairy processors, etc. We buy into a mentality that "we're all in this



together." Sometimes that's true, but sometimes not. We should be wise about what programs and policies actually benefit farmers, and refuse to be used as a sympathetic face for otherwise-questionable public policy.

How do we take the gas pedal off of overproduction and rebuild an agricultural industry where all the parts of the machine are making balanced profits, without over-reliance on taxpayer subsidies? We need to have members of Congress crafting good farm policy, rather than gifts to special interests.

Here in Wisconsin, we've seen dairy farmers banding together to ask for change. Hundreds of farmers of all different backgrounds have come together through efforts like Dairy Together, a movement that is seeking to rebuild a viable dairy economy for family farmers and rural communities. Many of these farmers have made sacrifices this year in their quest for change in a dairy industry. They have taken time away from their chores to speak with the media, attend meetings and share the personal stories of how current policies and outdated pricing are hurting their farms. None truly have the time to spare away from the farm during this busy field work season. But they all know that if they don't speak up, their farms may not be there for the next generation.

For them, another insurance program or trade war bailout isn't the answer. If farmers can scarcely afford to feed their families at their own kitchen tables, how can we expect them to pay revenue insurance premiums or continue to ride it out until the market "corrects itself?"

Enough is enough. It is time for farmers to pull together to work to rebuild a viable dairy industry. One that actually provides fair prices. For too long, farmers have been turning the wheel toward overproduction. But I say it is time to reach for the brakes and think about this cliff we're about to careen over if we can't slow the loss of family farms that is marring our once beautiful Dairyland.

Kara O'Connor is Government Relations Director for Wisconsin Farmers Union, a grassroots organization committed to enhancing the quality of life for family farmers, rural communities and all citizens through education, cooperation and legislation. Learn more about the Dairy Together effort at www.dairytogether.com.