

July 13, 2009

The Honorable David Scott
Chairman, House Subcommittee on Livestock, Dairy, and Poultry
United States House of Representatives
225 Cannon House Office Building
Washington, DC 20515

The Honorable Randy Neugebauer
Ranking Chairman, House Subcommittee on Livestock, Dairy, and Poultry
United States House of Representatives
1424 Longworth House Office Building
Washington, DC 20515

Dear Representative:

America's dairy farmers are facing an unprecedented economic crisis. Tens of thousands of independent producers are at risk of losing their livelihoods if this crisis remains ignored, while consumers across the country risk having no local sources of fresh dairy.

Dairy farmers are losing an estimated \$200 *per cow* each month. Producers are receiving as little as \$9 for a hundredweight (cwt) of fluid milk, while their cost of production ranges from \$18-\$27 per cwt. If trends continue, we may immediately lose up to 20,000 of our nation's 60,000 family dairies and billions of dollars from our rural economies, which are already hurting during this economic recession.

Today's dairy crisis is not just the result of overproduction or a sudden decline in demand spurred by the global recession. Dairy farmers have been hit with a disastrous combination of factors beyond their control. The price of milk paid to farmers collapsed a record 30 percent in January 2009 alone and 50 percent since July 2008, the result of a volatile pricing system that is easily manipulated by a few corporate players. Meanwhile, farmers are struggling to pay bills from record high production costs, adequate credit is increasingly difficult to access, milk substitute imports are rising without regulation, and catastrophic drought and other natural disasters are devastating many areas of the nation.

For the imperative survival of tens of thousands of dairy farmers, the price of milk paid to farmers must be changed to reflect their cost of production. At a minimum, a floor price of \$18 per cwt should be instituted immediately. Under Section 608c(18) of the Agricultural Marketing Agreement Act of 1937, the Secretary of Agriculture is required to adjust farm milk price to "reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products." Congress must urge the Secretary of Agriculture to use this authority now.

Not only are farmers missing out but consumers are, as well. Since the early 1980s, the spread between farm milk price and retail milk price has steadily widened without any

public benefit. Despite today's unprecedented collapse in farm milk price, the retail price for consumers has barely budged. To make matters worse, the 2009 first quarter earnings by the top dairy processors showed a substantial increase in profits over the same period in 2008.

If the crisis continues, we risk the dire situation of entire states devoid of a single dairy, therefore forced to rely on factory farms and imported milk substitutes and dairy products that compromise public and environmental health and safety. A stable network of local dairy farms is essential for communities to provide their residents with access to safe, healthful food. Furthermore, local dairies are a productive and beneficial way to preserve farmland and open space. Fighting on behalf of America's dairy farmer is a matter of food security, farm security and, ultimately, national security.

The crisis in dairy is not about farmers producing too much milk; it is about unregulated and unnecessary imports. This crisis is not about a decline in demand; it is about ineffective policies leading to unfair, easily manipulated pricing formulas and extremely volatile, unpredictable markets. We know that setting an emergency floor price for farm milk will not address all the problems that led to the current crisis, but it may be the only way to keep thousands of dairy farmers on the land this year.

You have the power and the responsibility to lead Congress in changing the fate of countless hardworking men and women for a better system and a fair deal. The situation is dire, the impacts are widespread, and farmers and consumers need you to do the right thing right now.

Sincerely,

American Agriculture Movement Inc.
American Agriculture Movement of Arkansas
American Corn Growers Association
Alabama Sustainable Agriculture Network
Alaska Farmers Union
American Corn Growers Association
California Dairy Campaign
California Farmers Union
Community Alliance with Family Farmers (CA)
Community Farm Alliance (KY)
Family Farm Defenders
Farm Aid
Farmworker Association of Florida
Federation of Southern Cooperatives/Land Assistance Fund
Food & Water Watch
Food Democracy Now!
Food First/Institute for Food and Development Policy
Iowa Citizens for Community Improvement
Iowa Farmers Union

Land Stewardship Project
Michigan Farmers Union
Minnesota Farmers Union
Minnesota Food Association
Missouri Rural Crisis Center
Montana Farmers Union
National Family Farm Coalition
National Farmers Organization
National Farmers Union
National Latino Farmers & Ranchers Trade Association
Nebraska Farmers Union
Nebraska Women Involved in Farm Economics
New England Farmers Union
New Entry Sustainable Farming Project (MA)
North Dakota Farmers Union
Ohio Ecological Food & Farm Association
Ohio Farmers Union
Operation Spring Plant (NC)
Oregon Farmers Union
Organic Consumers Association
Pennsylvania Farmers Union
Pennsylvania Association for Sustainable Agriculture
Physicians for Social Responsibility, Oregon Chapter
Rocky Mountain Farmers Union
Rural Advancement Fund (NC)
Rural Coalition/Coalición Rural
Rural Vermont
Seven Generations Ahead (IL)
Slow Food USA
Soybean Producers of America
Sustainable Food Center (TX)
Texas Farmers Union
The Cornucopia Institute
The Rodale Institute
The Second Chance Foundation (NY)
Washington Farmers Union
Women Involved in Farm Economics
World Hunger Year

For more information, please contact Hilde Steffey at 617-354-2922 or hilde@farmaid.org.

CC: Members of House Agricultural Committee