Drowning in dairy: Don’t let TPP sink U.S. dairy industry

By Kara O’Connor | Wisconsin Farmers Union Government Relations Director

One of my summer jobs in high school was teaching swimming lessons at the local high school pool.

Have you ever seen a video of someone drowning? I watched a few such videos during my swim teacher training. Someone who is drowning will do almost anything to get his or her head above water, including pushing another human being under the water in order to save him- or herself.

Wisconsin dairy farms are drowning right now – drowning in a global oversupply of milk. Oversupply drives prices down, with tragic but predictable results. According to the National Ag Statistics Service, Wisconsin lost 201 dairy farms in the first half of 2016 – an average of 33 dairy farms per month, or one per day. How many dairy farms are in your county? How long until all but a handful are gone?

Given the level of our desperation, any opportunity to export our over-supply to another country looks like our saving grace. “Maybe,” we think, “those new exports will give us just enough breathing room to get our heads above water.”

In the midst of our own struggles, we usually don’t think about the farmer we pushed underwater to save ourselves. In the wake of the North American Free Trade Agreement (NAFTA), for example, increasing U.S. exports to Mexico meant the displacement of thousands of Mexican dairy farmers, who couldn’t compete with cheaper U.S. imports. (Many of those displaced Mexican farmers immigrated – legally or otherwise – to the United States, but that’s a discussion for a different day.) If we do think about our Mexican counterparts who have lost their farms, we steel ourselves with the idea that “that’s just the cost of doing business,” or “they needed to get more efficient, like us.” Mostly we’re just relieved to have the chance to farm another year, another decade, maybe keep alive the hope of passing the farm to the next generation.

We may find ourselves relating a lot more to the dairy farmers on the bottom of the stack if the Trans-Pacific Partnership, a trade deal between the U.S. and 11 other Pacific-Rim nations, is ratified by Congress. New Zealand, one of the signatories to the TPP, is the world’s largest exporter of dairy products, representing approximately one third of international dairy trade each year. Ninety-five percent of New Zealand dairy production is exported, compared to 14 percent of U.S. production. One of New Zealand’s top exports, MPC’s, displaces raw milk as an ingredient in Wisconsin cheese production.

Do you think New Zealand dairy farmers, so reliant on export markets, might be feeling a little over their heads in the current global over-supply of milk? According to the Wall Street Journal, New Zealand dairy farmers are facing the lowest pay prices they have seen in 13 years. Maybe they are eying exports to the $48 Billion U.S. dairy market as the saving grace they need to get through the next year, the next decade. You can hardly blame them for doing whatever it takes to save their farms for the next generation – even if it means undercutting an American dairy farmer’s livelihood. If those drowning New Zealand dairy farmers are anything like us, they are only thinking about our farms long enough to rationalize that we “probably just needed to get more efficient.” (Nevermind that New Zealand dairy exports to the U.S. will
be assisted by government policies in New Zealand such as a state-mandated monopoly on exporting – just as U.S. exports to Mexico were assisted by U.S. government subsidies such as the Dairy Export Incentive Program.)

There is an alternative. We fellow dairy farmers can stop pushing each other under in trade deals that throw farmers and workers, American or otherwise, into the floodwaters. We need to say NO to the TPP. Instead of pouring out our oversupply elsewhere, we should take a good hard look inside our own borders and ask why we keep finding ourselves underwater in the first place.

That means we farmers need to get smart and demand a federal dairy policy that holds back the floodwaters of an oversupply of milk. Newsflash: Farmers – no matter where they are from -- do not benefit from policies like the TPP that encourage oversupply and drive milk prices down. That’s true whether you’re a farmer from Mexico, Canada, New Zealand, or the U.S. The only entities that benefit from an over-supply of milk are dairy processors and retailers who can get their primary input at bargain-basement prices, and then keep the savings for themselves rather than passing them along to consumers.

Canadian farmers years ago realized the problem of oversupply, and came together to prevent it through a quota system. As a result, Canadian farmers can actually make a living and afford to modernize on a farm of 100 cows or fewer. However, if the TPP passes, the Canadian oversupply control system will be dismantled. American exports to Canada will increase, pay prices in Canada will drop, and thousands of Canadian dairy farms will go under. I, for one, take no joy in the fact that by pushing them under we can make it another year. I would rather that all dairy farmers kept their heads above water.

The take-home from my swimming teacher days is that you can’t get pushed underwater yourself, and you won’t drown anyone else either, if you’re standing on dry land. Oversupply management is like draining the water out of the pool – it allows everyone to stand on their own feet, without pushing anyone else under for the sake of survival.

Kara O’Connor lives in Madison and is the Government Relations Director for the Wisconsin Farmers Union, a member-driven organization committed to enhancing the quality of life for family farmers, rural communities, and all people through educational opportunities, cooperative endeavors, and civic engagement. Wisconsin Farmers Union is a member of Community Shares of Wisconsin.

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