

"You will observe with concern how long a useful truth may be known and exist, before it is generally received and practiced on." - Benjamin Franklin

# KOW Ruminations

*Fully independent soil consulting-agronomy-nutrition. We do dairy nutrition from the soil up.*

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Are you an efficient dairy producer?  
Efficiency?? -For whose sake?! (Or are you being exploited?)

"*Were we directed from Washington when to sow and when to reap, we should soon want bread.*" -Thomas Jefferson

*Efficiency* –according to Webster's is defined as "ability to produce a desired effect, product, etc. with a minimum of effort, expense, or waste."

*Exploit* –by Webster's definition means "to make unethical use of for one's own advantage or profit; specif., to make profit from the labor of (others).

Are you (dairymen) getting weary of hearing the word *efficiency*? Really, the word and concept is not so bad, *depending upon the context*. Obviously all private, for profit businesses must (and naturally will) strive to be *efficient* in order to maximize returns. I suspect, however, that unless you're one of the DUDs (duped useful dummies!) within the dairy industry, you've been getting a little more than irritated lately when the world pats you on the back (or *salutes* you) for the fine job you've been doing. You know: "The American farmer, the most *efficient* food producer in the world! -We thank the \_\_\_\_\_ (dairy, beef,

pork, etc.) producers . . .Blah, Blah." Well, yes, it is true, America's farmers do a tremendously *efficient* job of producing food for the world –relative to the backward methods of communist / socialist and/or third world countries. Freedom (the free market) and the profit motive does a lot to encourage diligent and conscientious work.

As a consultant in dairy production management –utilizing a systems approach - I would dare to suggest that the majority of the farms I come across could operate even *more efficiently* (lower cost production) if only they were informed of alternative options / practices **and** if they could get a focus on not what *efficiency is*, but rather, *who* defines the scope of it. (It depends upon what vantage point you're looking from as you measure.)

Winston Churchill -"The most valuable thing in the world is the truth; in fact, it is so valuable that it is often defended by a bodyguard of lies."

I'd guess the latter "E" word better describes the feeling most farm families are experiencing today. In fact, as I see things, all about rural America today, *exploitation* best describes it in one word. The host of "expert" economists, in spite of all their blather, have not yet helped me to understand how it's ultimately *for the good* of our free

market economy to open the gates of "free trade" with dairy products *artificially* subsidized in the *global* market place by socialist/slave labor policies. (According to Joel McNair in the Nov. 2000 issue of *Wisconsin Agriculturalist*, "During the first half of 2000, the US imported cheese, MPC [milk protein concentrate], and casein equaling about 5.4 *billion* pounds of raw farm milk." A 17% increase during the first half of 2000.

That one word within the definition of *exploit* keeps coming back to my mind: unethical. Ours is suppose to be a system of government that *protects* the (God given) rights of individuals and the free market system. (For without a free economy within our borders, other freedoms would be merely conceptual –not realized.) Are we not now witnessing *monopolistic control* rising in our ag economy? How then can we be in favor of global prices as they are driven low on the backs of people who do not enjoy the level of freedom and prosperity that we Americans do (take for granted)? Should American farmers wish to conform to the *global* level of *rural* prosperity (poverty) or should American farmers take the lead in causing the tide to rise for all? Have you been duped to thinking that you're gonna get rich (as a US farmer) by free trading with paupers like, for example, Red China, who **have no money** that was not *given to them* or extracted from the backs of their **poor** people? (Or *technology* that wasn't stolen?!)

Look at how far we've already sunken in US Ag: our government *owns* cash grain production –pure fascism / socialism. If you disagree, I'm wondering if you would have put in that 1000 acres of corn and beans this year without the LDP check? End of argument. This *socialist* over production of grain is tampering with the free market ag economy and subsidizing (cheap corn / beans) the rapid consolidation / vertical integration of animal agriculture. Hence, we now have three meat packers (IBP, Cargill, Con-Agri) controlling 76% of all US cattle slaughtered, and two of every three hogs, and *nearly all* turkeys and broilers are grown under production contract. Dairy is the next in line, but what can be done?

*On the production side:* I beg you to reconsider from whom and where you get your management advice. **It doesn't have to cost so much to produce milk.** KOW Associates are *appalled* nearly every week by the treadmill programs folks are being recommended in spite of this low milk price. Yes, some are really putting milk into the tank (for awhile) running 80 to 85# ave., but they could be producing it for less (leaving more money to feed their families) while putting only 60 to 70# in the tank at *much* (*much!*) lower

"Once an abuse exists, everything is arranged on the assumptions that it will last indefinitely; and, as more and more people come to depend upon it for their livelihood, and still others depend upon them, a superstructure is erected that soon comprises a formidable edifice." -Frederic Bastian, 1849

Not everything that Bill Clinton says is a lie. American Enterprise magazine has pointed out that in October 1995 the president stated: "The road to tyranny, we must never forget, is the destruction of the truth."

production costs. (Get real. In spite of low priced corn and beans, there is much more to consider than income-over-feed costs to production. Consider cull rates for a start. If you're not selling replacement stock *something's wrong*, and you're missing out on a significant source of income.) Some have borrowed big dollars to expand, and others are considering further expansion to gain "volume premiums."

What will be the end of this (producing more and more for less *real* margin –*in spite of volume subsidy*)? Who takes the risk?

If you consider things from the processor / marketer / governmental point of view, things just keep getting more *efficient* –*fewer people* producing more milk for less cost (wholesale). Here's what some refer to as the "cheap food policy."

Great system if one can overlook issues of exploitation / morality and food security. Sad to see some (certainly not all) farm families in turn exploiting *foreign workers* to leave a little more for themselves. This is not the answer to dairy's woes. No matter what size your dairy is, KOW Consulting would like the opportunity to discuss your options to reduce your cost of production *so that when you look from the vantage point of your family and workers' needs, things are being done most efficiently.* No, we don't have all the answers, but I do think we've got better ones.

*On the marketing side:* It's time for *downsizing* (*new generation* Co-Ops) and reconnecting with the *consumer*. The families (consumers) of America are not the *exploiters*. *Families* do not order their beef from Argentina or insist it come from large feedlots. American families don't mind paying well for a *good* pork chop and likely do not prefer cheese made from foreign MPC (of unknown origin) rather than quality, *locally produced* milk.

Let's wake up –it's our *mega / multinational* corporations/ Co-Ops that are *guilty of exploitation*. These and our subservient-to-their-interests politicians are the folks who are giving the farm away. **Both can be put in check by reaching the power of the consumer.** We need to keep our small processors alive, produce a value added *quality* product and then bring it to the American family *directly by-passing* those who have lost their sense of moral obligation (whatever happened to the Golden Rule?). KOW Consulting is working toward that end - are you game? If you sit back to wait for some benevolent processor to bail you out, I don't think it's gonna happen this time –if it does, there'll be a cost (they'll just own you). Our government is suggesting *direct payments* to dairy farms (65¢/cwt!! After you gave up \$6/cwt?! ). Where will this lead to? More socialism.