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# Welch: Vermont dairy farms on 'brink of collapse'

By [Peter Hirschfeld](#) Vermont Press Bureau

Vermont's dairy industry is teetering on the "brink of total collapse" and faces imminent demise without new financial support from the federal government, U.S. Rep. Peter Welch told House colleagues Tuesday.

Welch, testifying in support of increased subsidies for struggling dairy farmers, said the steep and prolonged drop in commodity-milk prices demands immediate intervention.

"The depth of this crisis cannot be understated," Welch told members of the House Dairy and Livestock Subcommittee. "Vermont's farmers, government leaders and agricultural experts agree: Our state's dairy industry is on the brink of total collapse."

Vermont Secretary of Agriculture Roger Allbee said Welch isn't exaggerating. Farmers are getting \$12 per hundredweight for conventional milk, about \$7 below the cost of production. The sea of red ink has drowned at least 32 Vermont dairy farms since the beginning of 2009. The 1,046 operations that remain, Welch said, face a similarly dire fate.

"Farmers have never been hammered so hard for so long as they have been in this downturn," Welch said. "Just the day-to-day living anxiety for them is really severe."

Vermont's Democratic congressman has introduced legislation that would bolster support to farmers via the Milk Income Loss Contract, a program that buffers dairy farmers against cyclical price downturns. As it stands, Welch said, the MILC payments are insufficient to protect against the severe losses in the dairy industry.

"While MILC has helped ward off full-scale disaster so far, the disparity between the price of milk and the cost of production warrants a re-evaluation of its payment formula," Welch said. "... MILC payments between two and three dollars (per hundredweight) are simply not enough to keep them afloat."

Welch wants to nearly double the payments, however he said that financial constraints will make the effort an uphill battle.

"It's tough," said Welch. "There's the practical issue of where to find the money and how we do it."

Allbee said restructuring the MILC program is among the few vehicles available to provide immediate financial relief. Forgiving portions of federal loans or deferring payments, Allbee said, could also help farmers stay in business. The federal government has already dumped surplus dairy reserves into export and nutrition programs – a tactic designed to ameliorate the supply-demand imbalance blamed for the low milk prices. Allbee said a national effort to buy off milking herds would also relieve the glut.

"We're hoping the U.S. Secretary of Agriculture can use emergency authority to do some of these things," Allbee said.

Both Welch and Allbee said they're supportive of an effort launched by farmers in Vermont and the rest of the country to overhaul the federal milk-pricing system. However, that initiative won't offer the kind of short-term financial help farmers need to stay afloat now.

"What's hard for farmers to understand is how come the government can spend so much on a stimulus package and put so much into the banking sector, and there isn't anything being done to offer immediate help to the dairy industry," Allbee said.

Allbee said recent talks with lenders and processors have deepened his concern.

"A month ago I don't know that I thought we were (on the brink of collapse)," Allbee said. "But they all agree, without exception, that the situation is dire."

Jackie Folsom, president of the Vermont Farm Bureau, said the duration of the latest price dip has been particularly brutal. Combined with a lack of credit availability, relatively high feed and fuel costs, and wet weather that has complicated corn and hay harvests, Vermont's dairy industry, she said, faces a crisis of unprecedented proportions.

"They're losing money right off the get go and there's no credit available," she said. "I don't know if we're going to be able to reverse it. Certainly any farmer who survives this downturn really deserves to survive."

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