

James Maroney public comment:
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In 2008 I published a book entitled "The Political Economy of Milk" in which I analyzed what in my view was slowly but surely destroying the Vermont dairy industry and what in my view had to be done to help it get on its feet. I did not use the term "revitalize" since in my view the dairy industry had not been "vital" in almost anybody's living memory. The book included a description of the "Committee for Economic Development, An Adaptive Approach to Agriculture," (1962). Working from the premise that modern i.e., chemical intensive agriculture had given American farmers the ability to produce a growing (and for taxpayers increasingly expensive) surplus of foodstuffs, we therefore had too many farmers. the committee set about to discourage people from places like Vermont from staying in farming. That policy under a new name is still in effect.

The central tenet if you will of my analysis was that the dairy industry was the victim of its own success; early to mid-twentieth century science and technological 'advances' had provided dairy farmers the tools to increase production and lower costs, a formula that naturally attracted early adopters. But the technology and science soon attracted them all, which means that advantages that accrued only to early adopters were now commonplace with the result that supply commonly overwhelmed demand, which was shrinking for other reasons. I don't need to tell you these things; everyone who has tried to 'fix' the problems afflicting Vermont dairy knows them.

I know of course that you were instrumental in crafting the New England Compact. The dairy Compact looked like a dream come true from a certain point of view but was actually a freak; somehow congress gave New England a say in how milk would henceforth be priced and supplied in the US without regard to how this would affect producers in other states. These interests soon gathered their wits and put a stop to the program. But if you give dairy farmers a higher price they will expand. And if they expand without regard to rising supply and falling demand, this situation cannot long endure. There was one more reason the compact failed, a reason we heard not one word about today: the dairy industry is the #1 cause of pollution in Lake Champlain and among the two or three highest contributors in the state to GHG emissions.

Bobby Starr said something toward the close that was remarkable; he said, or words to this effect that we need to do something bold because if we don't do something bold we are going to get the same old results. I agree. We need to do something bold. But it strikes me Dan that what the Task Force needs at the outset is to stipulate some things so that the members not have to discuss them as if they were novel. These include:

FMMO markets are in surplus because dairy farmers from all across the US have no incentive to reduce production FMMO prices are set below the COP because the national supply of milk is in surplus and dairy farmers from all across the US have no incentive to reduce production Vermont dairy farming's cost of production is \$2-5 higher than the COP of milk in western and mid western states Supply control is a political and logistical impossibility: to have any effect it must be (1) mandatory and universal and (2) the price set would still be below Vermont's COP Vermont dairy represents barely 1% of the national supply Vermont has no competence to change Federal milk marketing laws Milk is a fungible commodity and is defined as a "perfect

competitor"; it competes on price alone Marketing no matter how clever or how extensive will not cause any of these principles to be repealed

I think the Task Force must also carefully examine its goal: is the task to salvage dairy's mid-twentieth century business model, which was designed to over produce its markets, designed to externalize its wastes into the lake and the atmosphere, designed to drive smaller competitors out of business and designed to effect a transfer of wealth from rural economies populated by farmers to urban economies populated by consumers? Preserving these features of the present model presupposes a buyer can be found willing to pay \$24/cwt for 2.2B lbs of Vermont milk when the same commodity can be purchased elsewhere for \$16. It also presuppose that legislators will continue to ignore that the TMDL tasked dairy with reducing its contribution to lake pollution by 66% when in fact it has achieved only 11%.

Or is the goal to acknowledge that this model is mature and unworkable and redefine Vermont dairy's value proposition such that the industry is smaller but profitable for the majority of farmers and non polluting? I describe in the following document also from my book of 2008 how that goal could be realized.

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