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REMARKS OF DAIRY FARMER CHRISTINE SUKALSKI, LEROY, MINNESOTA,
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My name is Christine Sukalski and I'm a dairy farmer from LeRoy, Minnesota. I am honored to be here today. Thank you to Attorney General Holder, Secretary of Agriculture Vilsack and Assistant Attorney General Varney. After the most difficult financial year in my career as a dairy farmer it is timely to have these discussions and even more timely that we are having them during June Dairy Month in the dairy state of Wisconsin. I hope to share with you my views and concerns as a dairy farmer who is only part way through my career.

Obviously, I am not your stereotypical dairy farmer. I am a female and I'm a dairy farmer by my own choice not by marriage - my husband has worked for the Fillmore County Highway Department since before he met me; but he has become very involved in the farm as well. In an industry built entirely on pregnancy and lactation, I like to think I have a little insider information compared to *dairy*men.

I graduated from the University of Minnesota with a degree in Animal Science and a minor in communications. I was working for a dairy magazine in Columbus, Ohio, when my father indicated he was going to sell his dairy herd and just crop farm as so many Midwestern dairy farmers do once their traditional tie-stall dairy facilities have taken a physical toll on their bodies. I returned home in 1988 and have been managing the dairy herd ever since.

Because I returned home, our family is still in the dairy business and the herd has grown approximately 10-fold to 360 cows and now supports three partner families as well as 13 employees. The milk from our herd - according to current per capita consumption figures - supplies the dairy needs of about 17,000 consumers.

I am thankful for many things, but especially for parents who welcomed a daughter home to farm. And, in hindsight, I'm actually thankful I came home to a farm that had been slow to adopt technology. All through high school and college, whenever I'd push my father to adopt some new tool or technology his constant answer was: "You come home (to farm after college) and we'll do things your way." Because farming fathers are traditionally resistant to change and unwilling to yield control to the next generation I'm thankful my father was true to his word and let me start making changes almost immediately. I was able to see first-hand the results of the tools and innovations I chose to use.

I've evaluated pretty much every technology that has become available in the dairy industry. I appreciate having choices and being able to do what is right for my cows, my farm, my family, and my business and to watch milk production per cow more than double in the last 20 years.

My First Concern: Misinformation and Misperceptions about Conventional Agriculture

This brings me to my first concern: The mountain of misinformation and misperceptions circulating about conventional agriculture. Contrary to popular belief, conventional agriculture is very sustainable. The first measure of sustainability must be financial - which is the main

reason we are here today. But beyond that, utilizing science-backed innovations to produce an abundant food supply using continuously fewer and fewer resources is "Sustainability." Since 1944, the carbon footprint of milk has actually fallen by 63%¹. However, it seems that everything about conventional agriculture, from size to science, is being demonized by the media, internet, books and talk shows. While organic agriculture, which accounts for a tiny portion of total food, has been given some big green stamp of approval - with no science to prove that it is truly produced with less total pressure on the environment, or that it is necessarily any safer or healthier. The constant barrage of mistruths get depressing to those of us who take such pride in what we do. I wish US consumers could come to my farm and realize my care and commitment for my cattle and my world. The average US consumer is generations removed from ever having tasted the fear of hunger. I hope it doesn't take that extreme for people to realize that food doesn't just appear on store shelves.

Please don't misunderstand me. There is room for all types of agriculture. I appreciate diversity in agriculture and, believe me, if there is a technique or tool that is truly sustainable in every sense of the word it, will be adopted industry-wide. I want US consumers to have as many food choices as our grocery shelves can allow, but I want consumers to have complete confidence in **all** their food choices and not be making choices based on misguided fear.

Ultimately, my real concern is that propaganda will influence policy. Policy that could potentially limit the ability of US agriculture to compete in the global market place - a strength that I feel is critical to our economy, food safety and national security.

I also fear that the threat of lawsuits or smear campaigns may inhibit future agricultural research and innovation. Innovations that we may need to feed a hungry planet may go undiscovered. In the spirit of Dr. Norman Borlaug, whose development of disease-resistant wheat strains is credited with saving a billion lives, I believe that only a well-fed world has any prayer of being a peaceful world.

I am relieved by the recent US Supreme Court's favorable decision on Roundup Ready Alfalfa. While others tested it in court rooms, we actually watched Roundup Ready Alfalfa prove itself on our farm. From that one planting during the narrow window of availability, we've harvested continuously for five years. It has been by far the best stand of alfalfa we've ever seen, but we are losing hope of planting it again in 2010. I hope the science-based truth is always upheld.

I am probably hyper-sensitized to this issue. About a dozen years ago we tried to build a new dairy facility, but our attempts were thwarted by a three-year battle and lawsuit from a group opposed to "factory farms." Ultimately we gave up. My parents and brother still run the "home farm" near Spring Valley where the bulk of our crops and our young stock are raised. My husband and I purchased a farm, with a dairy setup already on it, 20 miles away near LeRoy, four miles from the Iowa border. We almost made it to Iowa! My family and the partnership herd of milking cows, moved to our new farm in 2001 and basically started picking up the pieces of another dairy family's broken dreams

My Second Concern: Milk price

My second concern is milk price and many things which fall under that umbrella. Price is a constant overriding concern for farmers - it always has been and always will be. I certainly don't have an answer, but I feel the answer lies somewhere in between a complete unbridled, bottomless free market and a complete quota system.

Farmers are the eternal optimists; even after the dismal milk prices of 2009, just 3.8% exited the industry. Only three of the last 17 years had lower exit rates. If farmers made decisions based solely on numbers we would probably all have quit by the end of 2009, but there is

always the hope that things will get better. Sadly, some dairy families have taken on so much debt in 2009 that now they don't even see quitting as an option. I hope our never-give-up attitude isn't being taken advantage of by others in the industry.

We like to latch on to predictions like: "the world demand for protein is rising and the US dairy industry is poised to meet that demand." It's easy for us to believe this because we know that milk and its products are the most wholesome foods mankind has ever known; of course people will want them. And we practice what we preach, I constantly find myself eating as if I can singlehandedly remove the entire surplus of dairy from the market place.

My Third Concern: Barriers to Export and Innovation

In any industry, a country is either a net importer or a net exporter. I feel it is imperative that when it comes to food, the US be an exporter. I want dairy policy that supports our ability to compete globally and makes sure that the value of export is captured all the way down to the farm level.

Beyond actual trade policy, I am concerned when I hear processors say that the current definitions of some dairy products are too restrictive to allow them to make slightly different products that consumers might be asking for either here or abroad. I would like to see more innovation and new products. I wonder if our current Commodity Credit Corporation, created in 1949, doesn't deter innovation by being the safety net buyer for only the same old traditional dairy commodities it has always purchased.

I am concerned that promotion check-offs are not being paid on imported agricultural products. I am also concerned that foods that are not dairy products are allowed to use dairy terms like milk, cheese and yogurt on their packaging.

In the area of school nutrition programs, I am concerned that nutrition-packed dairy foods will be undervalued because of the salt, fat, or sugar they may also contain or that attempts will be made to strip these things completely out of all dairy products resulting in products that don't taste as good. I can't help but think of how we feed cows with precise rations based on nutrient needs. However, there are three rations on every farm: the one on paper, the one that actually gets put in front of the cow and the one that the cow chooses to eat. We must remember that food has to taste good and be satisfying or it won't be consumed. I don't think our childhood obesity issues can be blamed on dairy.

I am concerned that there may not be accuracy and transparency in our current survey system of inventorying dairy products.

I am concerned that the Federal Milk Market Orders, established in the 1930's, may be outdated and I appreciate the National Milk Producers Federation proposal to re-evaluate them. Perhaps we can find a better mechanism to set dairy prices.

The Bright Spot: Cooperatives

I am thankful for agriculture's cooperative system of which dairy is the poster child. I am proud to be a third generation Land O'Lakes member. To me the cooperative system is a bright spot in agriculture and represents all that is right with the dairy industry. Cooperatives represent whole teams of farmers with the goal of providing consumers with the safest, most nutritious food possible.

There is an old book, Men to Remember, that describes how farmers came together in 1921 to form Land O'Lakes. I think it should be required reading for anyone in the dairy industry or wanting to learn about it. As I read this book I felt a personal connection to the characters in

this book as they struggled and strived just to put top quality butter onto the tables of consumers at a fair price for all. I realized how the commitment and passion that founded Land O'Lakes is still alive and well on our dairy farms today! I can't imagine feeling this committed to producing a quality end product if I wasn't a part owner of the company and could go to almost any grocery store and see a box of Land O'Lakes butter.

But beyond pride, our coops allow farmers a collective place at the table in the marketing of their products. Coops allow groups of farmers to pool their equity to jointly own what none could own alone and hopefully garner a better price on our milk. Maybe I am biased, but I think dairy's cooperative system is the epitome of all other facets of agriculture. Without coops the trend toward fewer, bigger farms would be expedited. Even though it is 90 years old, the cooperative system is the best marketing tool farmers have.

Concern: Consolidation Beyond Dairy Cooperatives

I am concerned that there is too much consolidation beyond our coop, though. A clear example of the lack of competition is how the dairy farmers' share of the retail dollar has gone from 52% in 1980 down to 27% in 2006 according to USDA economic research. It seems that retail prices never fall as rapidly or as far as prices on the farm and I am concerned that this prolongs our lows because there is no price incentive for consumers to increase consumption. I have to wonder if farmers' die-hard commitment to dairying and the fact that it is a tough industry to get in and out of is being taken advantage of.

In some cases coops have felt unable to compete themselves with their own brands in the marketplace and have decided the best option financially was to sell off their brand. As a Land O'Lakes member I know I am not alone when I say I felt as if we sold a family member when we sold our milk bottling facilities with our treasured Indian Maiden on the label. Yes, I know it was a business decision based on economies of scale, profit margins and market access, all in pursuit of profitable returns on MY OWN investment; but she was our baby! This is where farms differ from most all other businesses - we commit our heart and soul to what we do every day - it's personal. We have a hard time looking only at the numbers.

Several years after the sale, the buyer and the largest retailer, began telling farmers that a certain dairy management product could no longer be used on farms. The end result was actually fewer choices for consumers rather than more choices, as the most efficiently-produced, conventional product amongst fluid milk was no longer offered. In some parts of the country, farmers actually had to decide between having any market at all for their milk and using this product on their farm. Perhaps if farmers had been one step closer to consumers this wouldn't have happened.

Thank you to the United States Department of Agriculture and Department of Justice for hosting this workshop and allowing me the opportunity to share my concerns on the dairy industry.