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Monday, January 20, 2003

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State House hearing focuses on farm woes

January 17, 2003

By KRISTA LARSON The Associated Press

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MONTPELIER — Milk prices could rise as early as this summer, but a dairy pricing economist told state legislators Thursday that recovery could be short-lived without additional assistance.

Robert Wellington, senior vice president at Agri-Mark, said retail prices are starting to go down, indicating that consumption of dairy products will likely start to pick up. But Wellington also said Thursday he expects a “tremendous number of attrition of dairy farmers” going into the spring, which likely will cut production.

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“(Prices) will turn,” Wellington told the standing-room only crowd of farmers and other industry advocates. “My problem is that when they turn and they stay up for some period of time, that they will then turn down again.”

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Without some form of farmer assistance in place such as the now-expired Northeast Interstate Dairy Compact, an even more serious crisis could take place the next time prices fall, he said.

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The compact, which expired in October of 2001, paid about \$146 million to New England dairy farmers over the four years it was in place. Farm advocates felt the compact helped dairy farmers weather wide fluctuations in the free-market price for milk.

“This recovery that we have will not dig farmers out of where they are today,” Wellington said. “It will help but it won’t give them a reserve for the next crisis. So we have to find a way ... to enhance the price (farmers get) not only in Vermont but throughout New England.”

A new federal dairy program that recently went into effect was a victory for Vermont’s three-member congressional delegation, who had to overcome fierce opposition from politicians representing Midwestern dairy states.

Even so, dairy advocates say it has been a difficult transition year for many Vermont farmers. Dairy farmers have not seen prices as low as last year’s since 1978, Wellington said.

That worries Harold Howrigan, a Franklin County dairy farmer, who said many of the farmers he fears won’t make it are those who have invested considerable amounts of money into modernizing their farms.

“They are for the most part some of our younger generation of farmers,” Howrigan said Thursday. “These are the farmers we need to have for the future of our industry.”

But despite concerns expressed about dismal milk prices, incoming Agriculture Commissioner Steven Kerr told the state legislators that he was optimistic about the industry’s long-term future.

“I want to say loudly and clearly it remains a substantial sector of the state’s economy,” he said.

“We’re in trouble, no question, but this industry is not dead,” he said.

The department needs to continue to help Vermont farmers reduce their cost of production, Kerr said. “That is not code for get big or get out,” he added.

Vermont dairy farmers are also facing a changing industry where prices are dependent on more than just the basic laws of supply and demand,

according to Ronald Cotterill of the Department of Agricultural and Resource Economics at the University of Connecticut.

With an increased concentration in both processing and retailing, there is also a transfer of income from consumers to milk marketing channel participants that affects prices, he explained.

Still, Wellington pointed to the strength of Vermont consumers who want to help the region's farmers survive.

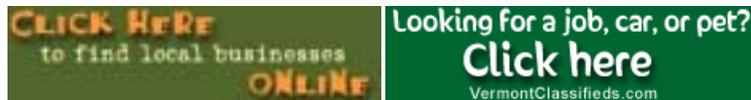
"The challenge we have is that we already have the hearts of consumers in our region — they want to help dairy farmers," he said. "Now we need to convince their heads that it makes economic sense."

Farming advocates emphasized the importance of strengthening that connection between producers and consumers by urging Vermonters to buy locally.

Organic dairy farmer Travis Forgues of Alburg said changing to organic production won't save all of those who are in trouble, nor will it be a short-term solution to the current volatility of milk prices. But Forgues said it could offer a longer-term alternative.

"Things are going to grow — we need the milk," he said.

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