

The Economics of Food by Sally Fallon
August 2004, Acres U.S.A. magazine 2003 Acres U.S.A. Conference keynote address

I am sure that many of you realize that today we have a system in which money is created out of nothing. Money is a medium of exchange that can be based on the productivity of a society — in other words, the government prints money based on the Gross National Product, the sum of goods and services produced in the country — or money can be created out of nothing by private banks and loaned to governments at interest.

Because our money today is created out of nothing, it seeks to get its clutches on real production — industry, agriculture, trade and so forth. I call this “vulture capital.” Vulture capital is always in search of prey — it cannot live without eating up the real sources of wealth.

According to Catherine Austin Fitts, a perceptive commentator on the realities of modern economics, the global First World economy actually has a negative return on investment. So-called growth comes through a four-phase process, the first of which is destruction — through organized crime, covert operations, warfare, or a variety of all three.

In Third World countries this destruction is accomplished with bombs that take out lives and infrastructure; in American communities this destruction is accomplished through crime and drugs as our neighborhoods deteriorate, or through low farm prices that cause farms to go bankrupt. The profit generated from breaking up is then used to buy or seize “legal control” at a discount — this is the second step. Phase three is the fix-it phase: “Government funding, credit and subsidies are used to begin repair, while harvesting remaining assets continues — including narcotics trafficking, sex slavery and any other form of liquidating the human, intellectual, environmental and physical capital.” Phase four is to declare victory so that “a flow of foundation and academic grants funded by the ‘break-it/fix-it’ profits generate awards, photo opportunities and official archives and documentation for the perpetrators to be admired for their bringing of advanced civilization to the natives.”

In the United States, the result of this theft of real assets is a total debt that works out to about \$100,000 per person, which we experience as rising unemployment and see visibly as the decline in the quality and safety of our neighborhoods, small towns and countryside.

COMING HOME TO ROOST

Returning to our subject of vulture capital, what has happened in this country since the creation of the Federal Reserve and the debt system in 1913 is that vulture capital has swooped down to devour more and more facets of our economy. The first targets were industries that depended on large amounts of capital — manufacturing, railroads, automobiles, airplanes and so forth. It fed on minerals, of course, and on oil mining and refining. Then it turned to plants. By that I mean that it took over the medicinal herbs, herbs given by the Creator to all mankind for use in keeping the body healthy. It learned to generate enormous profits from these herbs by extracting certain components, or by making them synthetically and placing a patent on them — the so-called patent medicines — and a portion of the profits generated funded a continuing war against natural remedies.

Vulture capital must always seek new sources of wealth. After exhausting the manufacturing sector, it turned to the types of industry typically carried out on the local level — shoes, clothing and food. It has glutted itself on animals — pigs, chickens, dairy cows and fish — taking them off the land or out of their natural maritime habitat and placing them in confinement. Only one sector of the food animal economy cannot be completely managed by the industrial farm system, and that is beef.

The early stages of beef production must be done in the open, on the range, in order for the industry to be economically viable. This is the real reason our government tells us not to eat beef. It's because beef cannot be completely brought into the vulture capital system, not because it causes heart disease and cancer — that is just a smokescreen.

Having gobbled up most of America's industry, food production and agriculture, vulture capital is now exploring uncharted territories, seeking to lay claim to all food (through a system of mandatory irradiation) and all seeds (through genetic engineering).

THE MILK INDUSTRY

Vulture capital has firmly sunk its talons into milk, for example. Consumers see many brands of milk on supermarket shelves, but behind these brand names, four multinational companies control over 70 percent of fluid milk sales in the United States: Land O'Lakes, Foremost Farms, Dairy Farmers of America and Dean Foods. These giants have grown through debt-financed acquisitions and mergers, and by keeping payments to dairy farmers as low as possible. Industry profits on this agricultural white liquid are not as great as they are on either sugar or drugs, but because we consume so much of this product, the gross returns are quite handsome.

Salaries of corporate officers in these companies typically range in the high six figures, with CEOs garnering \$1 million or more per year. Needless to say, these premium paychecks reward executives for maximizing profits for the corporation, not for ensuring high nutrient values in the nation's dairy products — and certainly not for maintaining a decent standard of living on family farms.

Political influence is an important weapon in the industry arsenal. Dairy industry contributions for 2002 totaled almost \$3 million, and that's just the visible portion. This influence has ensured that successive administrations have ignored the nation's antitrust and racketeering laws and allowed intense concentration in the industry. For example, Dean Foods, the largest U.S. dairy company, controls many familiar labels, including Adohr Farms, Alta Dena, Borden, Meadow Gold, Nature's Pride, Shenandoah's Pride and Sealtest, and produces the usual line of processed products such as coffee creamers, whipped toppings, dips and dressings. The company controls the soymilk maker White Wave, and owns 100 percent of Horizon Organic Milk. Although Dean Foods has \$2.5 billion of debt and an uninspired BB+ credit rating, it donated \$1 million to the Dallas Center for the Performing Arts Foundation in July 2003. And while 16 U.S. dairy farmers went out of business every day in 2002, Gregg L. Engles, the 45-year-old CEO of Dean Foods, made \$3.2 million that year.

BEATING THE SYSTEM

Whatever names they are given, there are basically only two economic systems in

the world, one in which millions of people make a decent living, and one in which a few people make millions and millions of dollars while the rest are paupers. Obviously, we are getting closer and closer to the latter system, with disenfranchisement, poverty and even outright slavery growing every day. In the United States, we have more people doing slave labor in our prisons than we have full-time farmers.

It's a very ugly picture, of which many Americans are blissfully unaware. Many thinkers and writers have proposed solutions to this growing disparity between the rich and the poor, the powerful and the seemingly powerless — a new third political party, government reform, local community organizations such as co-ops, violent revolution, even rescue by angels or space aliens. But I think there is an easier solution to returning the power of government to the people and to local economies, of bringing sections of our economy that should be small and local — food, clothing, shoes, etc. — back into local hands, and ultimately returning even our industrial base and our oil and mineral resources back into the hands of the people. Every person can contribute to this solution, even those who don't want to get involved in committee meetings, politics or activism. **My solution is this: Drink Raw Milk.**

To clarify, let's take a look at Mike, a dairy farmer producing a white agricultural substance called milk. Mike has 30 cows, and he sells his milk to the local co-op, such as Foremost or Dairy Farmers of America. He gets about \$10 per hundredweight for his milk, which is less than farmers received before World War II. In order to maximize his return, he has modern Holstein cows and he feeds them lots of grain. So he may get 190 hundredweight per year from each cow, which works out to a total yearly income of \$57,000, most of which is eaten up with feed and vet bills. His wife has to work to bring in some cash and obtain health insurance, and they live just above the poverty line. If they have gone into debt and the prices drop even a little bit, or their cows produce less than expected, they lose their farm.

Let's now look at what Mike's income would be if he had a grass-based dairy and sold milk directly to the public. He would use Guernseys, Jerseys or some other old-fashioned breed because these cows do better on grass. He would only get about 100 hundredweight per cow per year, about half as much production, but if he sells the milk at \$4 per gallon, he would get at least five times as much for the milk. Actually, some farmers are getting \$8 or \$9 per gallon for raw milk, but let's be conservative and stick to the figure of \$4. At this price, along with equivalent prices for butter (about \$10 per pound) and cream (about \$9 per quart), Mike makes about \$50 per hundredweight. (If he makes a good cheese, he can actually make more per hundredweight — in France the value-added product that brings the most to farmers is not wine but cheese.) Thus, at a conservative \$50 per hundredweight, he grosses \$5,000 per cow per year. With 30 cows his gross income on the milk alone is \$150,000.

But there's more. Because Mike makes butter, cream and cheese, he will have whey and skim milk as by-products, which is free food for pigs and chickens. So, in addition to milk and milk products, he can sell eggs, chicken, turkeys, pork, bacon and lard as by-products. The male calves go to veal or beef. Depending on how hard he wants to work, he can put his manure to good use by growing vegetables or fruit. He may produce maple syrup or honey. So let's add, for the sake of argument, another \$50,000 (which is conservative) to the total, bringing us to \$200,000 gross income for a farm with 30 dairy cows on something like 100 acres if they sell all that they are able to produce. Of course there are capital investments and the cost of the land to consider — this is going to be about the same no matter what Mike is getting

for his milk, but his operating expenses will be much lower because he is bringing in only a minimal amount of feed from the outside, his vet bills will be very low, the fertility of his animals will be high, and his cows will live a long time.

What does this mean for communities and local employment? If just 10 percent of the U.S. population bought raw milk, raw butter, raw cream and raw cheese directly from farmers, as well as all the other products produced on the farm, we would need about 75,000 hundred-acre farms, each with 30 cows. If each farm generates an annual income of \$200,000, the total revenue is \$15 billion, year after year, much of which stays right in the local community. (If the whole country drank raw milk, the total would be over \$1.5 trillion, or 8 percent of the current Gross National Product.)

You see now why the original and basic source of wealth is cattle. Cattle are the stock of the stock market, and the word capital is derived from the Latin for heads of cattle.

LOCAL COMMUNITIES

In my lifetime, I have witnessed firsthand what this kind of farm revenue does for local communities. During the 1960s, the town of Healdsburg, California — a thriving town before Prohibition shut down the local wineries — had become a dump. Local farms produced pears and prune plums, commodity crops that were bought by big corporations that sold the pears fresh and dried the prunes. Everything was run down, there was no good restaurant in town, and most of the buildings needed paint.

Today, Healdsburg is hopping. There are numerous trendy shops around the central square, several great restaurants, a fabulous hardware store, several bakeries, and an independent grocery store that does well in spite of the fact that there is a big Safeway on the other side of town. There is even a nice hotel across from the central square. Everything is neatly painted and attractive.

What caused the change? It was the rather sudden switch from a commodity crop to a value-added one, from prunes and pears to wine grapes and the opening of numerous wineries selling their value-added product. Wine is a rich man's hobby. Grapes are very expensive to plant, and it takes about six years for them to fully mature, plus another two years for the resulting wine produced to be ready to drink. By contrast, entry into the raw milk business is relatively easy. If you purchase a cow for \$1,000 and sell the milk for \$50 per hundredweight, you recoup your investment within three months.

As for employment, let's assume that the 75,000 farms employ three people full time. Maybe these people consist of the farmers themselves (husband and wife) plus one older child, or the couple and one hired person. The resulting total employment will be 225,000 individuals. There is also the multiplier effect, usually given as a ratio of 2.7 — that is, for each direct farm employee, there will be 2.7 indirect employees.

Thus, the total employment created (direct plus indirect) is 832,500 people. If we add to milk and farm products other items that can and should be produced locally — healthy soft drinks, bread and other bakery products, sausage and broth, lacto-fermented vegetables and so forth — we would see an unbelievable explosion of local prosperity, a small town renaissance throughout the United States. We'd see a return of small, local clothing and shoe factories. With the right technology, we can also make paper from hemp, locally and in an environmentally friendly way.

Craftsmanship

would flourish — furniture-making, carpentry, home building, dressmaking, gourmet cuisine, art and music. Medical bills and insurance costs would decline, and there would be employment for all. In fact, a shortage of labor would result in a decent living wage for anyone willing to work.

The one major impediment to this happy picture is the anti-raw milk agenda — scaremongering propaganda and compulsory pasteurization laws. Fortunately, there is a way around these laws with our cow-share, herd-share and farm-share programs. In fact, now that we are rolling back the propaganda and creating more and more customers for raw milk and related products, these pasteurization laws can actually work to the benefit of farmers. If people can't get raw milk in stores, they will make the effort to come to the farm, or pay for the service of having products delivered to their doorstep. The farm-share system also allows for other value-added products proscribed by health laws — farm-butchered meat, sausage, baked goods and so forth could be "provided," not "sold," to farm-share owners.

Although we constantly hear rhetoric extolling the efficiency of very large farms, rising costs and declining prices are rendering this model more and more untenable. The farm of the future is not the mechanized confinement operation or mega-monoculture, but the 30-cow dairy farm that sells directly to the public or provides products to shareholders.

This model will flourish because the day is coming when no conscientious couple will dream of starting a family until they have found a source of pure and healthy raw milk for their children; when no town planners will proceed without first setting aside the most fertile land for the local dairy; when no doctor will omit raw milk as part of his treatment; and when no government official will dare to impede access in any way to raw milk and other pure foods, which will come from small, local farms.

FOCUS ON SOLUTIONS

We do have a very serious situation in this country, a precarious economic situation that can only continue through a system of theft — not only of American assets but those of people throughout the world. We need to be aware of this situation, of course, but it is important to put our thoughts into solutions, not problems. The very first step in the decline of local communities is one in which we all share responsibility: letting our children buy sugar-laden popsicles and candy, making the body chemistry susceptible to drugs. The fix that initiates the decline in our standard of living is the sugar fix.

Let's conclude, then, by painting a picture of the kind of life we will have when we all make this one change — when we all drink raw milk purchased directly from the farmer. You may remember the humorous parody of various economic systems that made its way across the Internet, world ideologies explained by reference to cows. Here's our version:

Feudalism. You have two cows. Your lord takes some of the milk. Socialism. You have two cows. The government takes them and puts them in a barn with everyone else's cows. They are cared for by ex-chicken farmers. You have to take care of the chickens the government took from the chicken farmers. The government gives you as much milk and eggs as the regulations say you need.

Bureaucracy. You have two cows. At first the government regulates what you can feed them and when you can milk them. Then it pays you not to milk them. Then it

takes both, shoots one, milks the other and pours the milk down the drain. Then it requires you to fill out forms accounting for the missing cows.

Enron-style venture capitalism. You have two cows. You sell three of them to your publicly listed company, using letters of credit opened by your brother-in-law at the bank, then execute a debt-equity swap with an associated general offer so that you get all four cows back, with a tax exemption for five cows. The milk rights of the six cows are transferred via an intermediary to a Cayman Island company secretly owned by the majority shareholder, who sells the rights to all seven cows back to your listed company. The annual report says the company owns eight cows, with an option on one more. Sell one cow to buy a new President of the United States, leaving you with nine cows. No balance sheet provided with the release. The public buys your bull.

Now let's look at our alternative: Raw-milk economics. You have two cows, not genetically manipulated and produced through natural breeding, who feed on fertile green pastures and produce delicious high-fat milk. They are cheerfully milked by your round-faced children with naturally straight teeth and wearing pure cotton clothes, colored with natural dyes and produced in the nearby town. The cows give birth to calves every year, and soon you have a herd of 30 cows, all producing delicious healthy milk. Out-of-work orthodontists gather up the manure in the milking shed and distribute it on your pasture, in which happy chickens run around, turning over cow paddies and eating bugs to produce nutrient-rich eggs. You make naturally yellow butter and a delicious cheese. You feed the whey and skim milk to your small herd of hogs, which they thoughtfully turn into bacon and lard for cooking.

Reformed FDA officials help you make lacto-fermented juice from the fruit grown in your orchards and pickles and chutneys from your garden produce. All these products you provide in your on-farm store to farm shareholders, many of whom are grateful survivors from the lowfat era. You make more money than you can possibly spend on your family and so donate to local schools, theaters, symphony orchestras or opera companies. You also build a nice house on another part of your farm where another family lives, and you pay this family handsomely to help with the work. That in turn allows you to take a big vacation twice a year and learn how people live in other parts of the world. Missionary groups teach raw-milk economics to people living in other countries, and every year two foreign exchange students come to help out on the farm.

Soon we have 200,000 farms, all producing raw-milk products and providing them in on-farm stores or by home delivery. These farms create an explosion of prosperity at the local level. Small towns revive, and along with them, small businesses. Every town produces a distinctive lacto-fermented soft drink, and every town supports several great restaurants. Fast food places transfer into local hands; new owners cook french fries in tallow or lard. Unemployment disappears, and everybody makes a decent wage. No one uses pesticides on their farms, so the chemical companies close down that part of their operation. Many corporate employees are freed from the system and find better pay and more fulfilling work with local businesses or on farms. It becomes more profitable to put land just outside cities and towns into dairy farms rather than houses. Towns and cities grow, while urban sprawl gives way to green spaces. Wealthy farmers and wealthy small businessmen put their money in local credit unions; the power of international banks wanes, and so does their influence in Washington.

This new wealth is real, so there is no longer any need to wage war to keep the economy afloat. The health crisis resolves, and inner-city hospitals are torn down and replaced with inner-city dairy farms, supplying fresh milk to resident families. School lunch programs feature raw milk and products of local farms. Because children are now eating real food, their brains get wired properly; they are filled with curiosity and learn easily; teaching becomes a joyous profession once again. Happy, well-nourished children contribute to an artistic flowering — music, painting, literature, dance and the dramatic arts flourish. Eventually, there are 200 million people drinking raw milk. And all of them live happily ever after.

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Her book, *Nourishing Traditions: The Cookbook that Challenges the Politically Correct Nutrition and the Diet Dictocrats*, is available from the Acres U.S.A. bookstore for \$25 plus \$3 shipping, and her 2003 Acres U.S.A. Conference keynote address, from which this article is excerpted, is available as an audiotape (item #T-2731) for \$8 plus shipping.