

Editor's Desk

Editor's Note: This article by Henry R. Geisinger, executive vice president of the Pennsylvania Association of Milk Dealers, is reprinted in full from the December issue of The Pennsylvania Golden Guernsey News:

Pennsylvania's greatest agricultural enterprise is seriously threatened as the result of new and vicious attacks on the

milk industry of Pennsylvania. Milk, for decades, has provided more than 40 per cent of the total farm income in the Keystone State—growing every year—and returned \$447,304,000 in 1971. In addition, it has provided steady employment for thousands of dairy plant workers dedicated to full consumer service. This money constantly is fed into the economy of the Commonwealth

at all municipal levels, in all 67 counties.

The new charges vary. Basically, however, the assertions are that (1) all Pennsylvania milk prices are higher than the rest of the nation, (2) Pennsylvania farmers are NOT doing as well or at least no better than their counterparts in other states; and (3) Pennsylvania milk price control favors dealer profits and encourages "inefficiencies."

Most of the price comparisons are made between those charged by a limited service New Jersey operator with non-union help and those charged by fully unionized full-service Philadelphia dealers. The former offers some dairy products on a cash and carry basis only. The Pennsylvania operators provide a variety of products for all who need milk—not just those willing and able to run to the store and buy it, where it may be sold on a loss leader basis.

Our 'Crime' Is Service

If Pennsylvania dealers have committed any 'crime' it is that of 'too much service.' In this

consumer oriented era, the Pennsylvania dealers strive to offer a full complement of dairy products in a variety of types and sizes of containers—not just homogenized milk in a bulky gallon jug. And Pennsylvania dealers do not have a store full of other products to help make up any milk losses.

The Pennsylvania dealers are willing and DO service schools (at a much reduced price), hospitals, shutins and all others who need it. In addition, Pennsylvania dealer—dedicated to service—offer monthly credit with no 1 percent charges for delays in payments so common in other commercial ventures today. Few, if any of these service are offered by the dairy store operators. They also charge for containers.

Pennsylvania prices are not established to give any one segment of the buying public a bigger advantage over others. They are established so milk may be made available to all at reasonable prices. Admittedly, it costs less to bottle large containers and sell them at company owned stores, but permitting such low price sales skims off the bulk of the market and puts an even greater burden on the full-service operator. As a result,

prices must be raised to compensate.

Pennsylvania prices are not the highest in the nation when all products and all types of services are compared—not just using one product in one area. The rest of Pennsylvania does NOT pay the same prices as Philadelphia where in-city deliveries bring considerable problems and high costs.

Many products available in various types of containers are considerably cheaper than in many sections of the country. The recent statement that Pennsylvania consumers are being "milked" to the tune of some \$60 to \$80 million annually has no documentation. The figure apparently was arrived at by taking the total volume of milk sold and comparing the highest price in this state versus the lowest price in another state.

Dealers May Get Less Here

It must be remembered that when milk is purchased in a store that there is adequate margin for the storekeeper, and this is NOT realized by the dealer at all. Storekeepers are entitled to a profit on milk, the same as for bread, meat and other items sold. They have wages, rents and taxes to pay, too. In fact, dealers may get as little as 87 cents per gallon when the store picks up the milk at the plant (the price in New Jersey is 96 cents).

Only half truths are given in these attacks.

The second assertion is that Pennsylvania dairy farmers are not making out in comparison with other states. Since New Jersey appears to be the "perfect" dairy state, let us look at their situation. In 1950 New Jersey dairy farmers had a cash income from milk of \$59,465,000. Then came the battle of milk control with charges and counter-charges one is hearing now in Pennsylvania. In 1970 the New Jersey farmers had a milk income of \$46,857,000—or a reduction of more than \$10,000,000 in two decades. And they produced more milk in 1970 than in 1950.

In Pennsylvania the income in 1950 was \$248,000,000 while in 1970 it was \$447,594,000—it nearly doubled.

Similar comparisons can be made with other states. Pennsylvania farmers are enjoying a return as good, if not better, than most states.

Inefficient Dealers Fail

The third criticism is that Pennsylvania milk price control means high profits for dealers and that it encourages inefficiencies. If this were true, there would be little or no loss in milk dealer ranks. In 1950 there were 864 milk dealers licensed in the state. Today, there are 312. The inefficient dealers were forced out of business the same as in any other commercial enterprise.

Meanwhile, the attacks continue, and the public begins to lose confidence in a great Pennsylvania industry at the expense of headlines and publicity. If the price is a bit higher, it is because of service. And this service truly must be measured in pennies—milk service costs less than the TV cable.

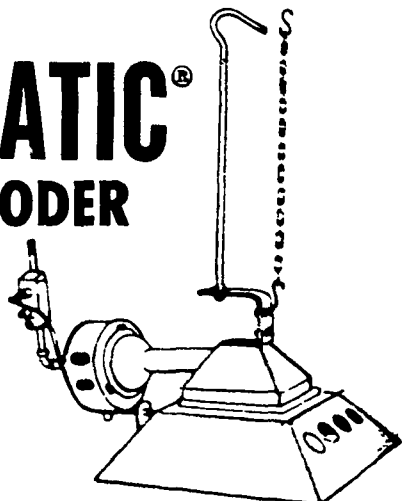
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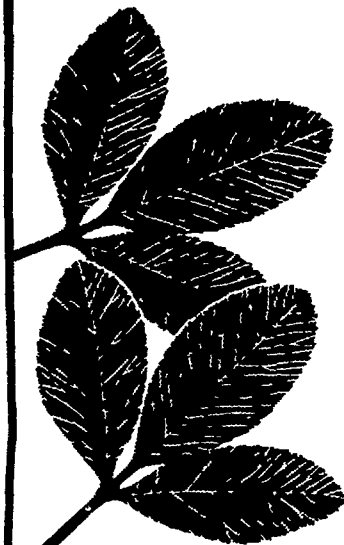
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