

Pa. Grange Backs Milk Marketing Board

The Pennsylvania State Grange this week issued the following statement in support of the Pennsylvania Milk Marketing Board:

The Pennsylvania dairy industry is the most important segment of the Agricultural economy of our Commonwealth today. Dairying today is responsible for better than 40 per cent of the total cash farm income in Pennsylvania and credit must be given to our dairy farmers who provide the 11.8 million consumers of Pennsylvania with an adequate supply of pure and wholesome milk.

Pennsylvania today is fifth in the nation in terms of milk production, with only the states of Wisconsin, New York, Minnesota and California exceeding us. In 1970 Pennsylvania produced over 6 per cent of the total milk production.

Yes, the dairy industry in Pennsylvania is big business.

When you add to the farm value of milk, the cost of goods and services created by receiving, processing, packaging, refrigeration and distribution, Pennsylvania's dairy industry approximates a billion dollar business.

What were some of the conditions leading to the enactment of the State Milk Control laws:

1. **Low returns to producers.** The first milk control law in Pennsylvania was enacted during the well known economic depression of the early 30's. By 1933, prices for milk had been falling rapidly with serious economic consequences to dairy farmers. By 1932 there was a wide disparity between the price farmers received for milk and the prices they had to pay for goods and services.

2. **Decreased effectiveness of collective bargaining.** Prior to the early 30's producers relied in general upon collective

bargaining through cooperatives and producer organizations to obtain better returns for the sale of their milk. However, under the burden of the adverse economic conditions of the early 30's and an over-abundant supply of milk, the producer organizations were unable to maintain a stable price structure for milk or to obtain satisfactory returns for farmers.

3. **Destructive competition.** In the early 30's many milk dealers found themselves handicapped as a result of several extenuating circumstances. Milk wars were frequent and supplies to consumers were disrupted. Costly competitive, unfair trade practices and price wars demoralized the distribution picture.

At the time that the Pennsylvania Milk Control law was enacted in January, 1934 a price war was in progress in some of the major markets in the State, wherein consumers were receiving milk at .05c a quart delivered at their doorstep and dairy farmers were receiving about 02½c a quart. This painful effort of price cutting was considered an important cause of low prices to dairy farmers.

At the same time dairy farmers were forced to subsidize price cutting practices of milk dealers by supplying them milk at any price the dealers were willing to pay.

Moreover, dairy farmers were at times obliged to extend credit to milk dealers for considerable periods of time subject to the risk and actuality of often finding themselves in a position where milk dealers were unable to pay for milk purchases.

4. **Danger to public health and welfare.** The preamble of the Pennsylvania Milk Marketing law emphasizes still another, important reason for the enactment of the State Milk Control

legislation. The effect of continued low prices to farmers endangered the production of an adequate supply of wholesome milk and if permitted to continue, strikes and disorders might occur, thus affecting the flow of milk to market.

Since milk is regarded as an essential food, especially for children, it was the responsibility of the State to insure a continuous and adequate supply of pure and wholesome milk.

Therefore, the Legislature at the outset of the enactment of state milk control, justified the control of milk prices as essential and in the public interest.

All in all, the situation resulting from this vicious cycle was nothing short of tragic: producers had to accept disastrous prices forced upon them; milk dealers, even some of considerable size, could not protect themselves indefinitely and accordingly were in turn forced out of business.

What I have been saying is: Because of the inability of the dairy industry to stabilize itself

and inasmuch as the supply of milk to consumers was seriously jeopardized, the Legislature responded by enacting the first milk control law in 1934 which has not only been a help to the dairy industry, but more important, has assured every consumer in Pennsylvania a fresh continuous and adequate supply of pure and wholesome milk at all times.

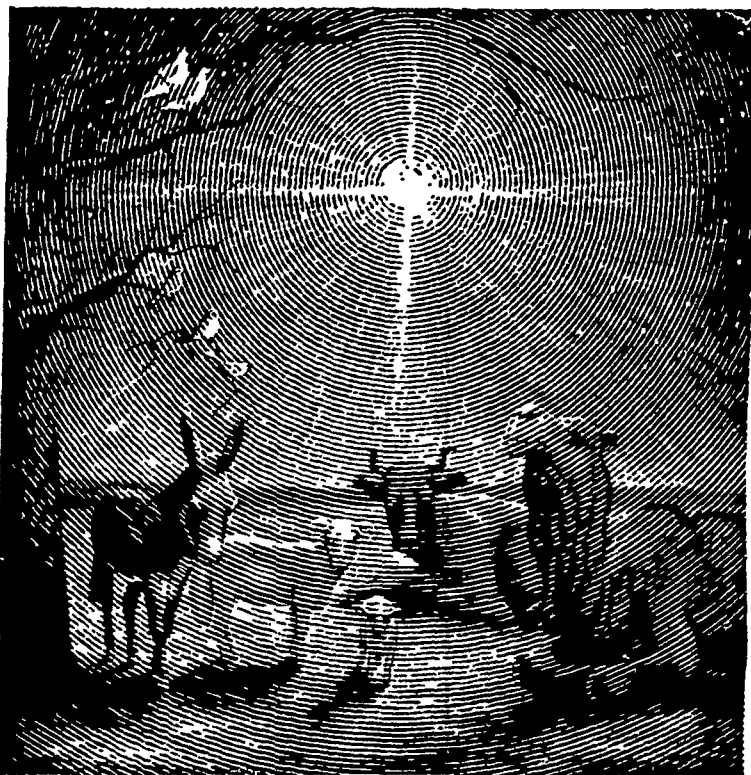
This is what the Milk Marketing Board has meant to Pennsylvania the past 37 years.

When we look to other states surrounding us, let us take a lesson. If the family dairy farmer is to continue in Pennsylvania and the consumers are to be insured a fresh, wholesome supply of milk, the Milk Marketing Board is a MUST.

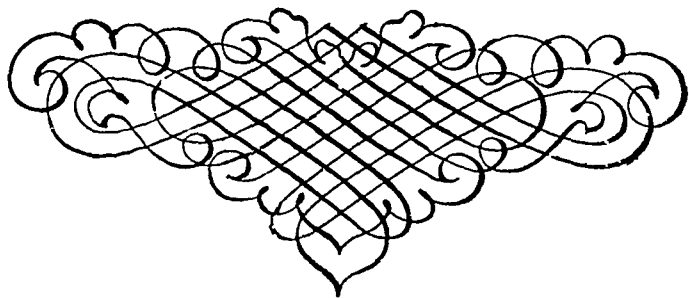
I am sure that if the governor and the secretary of agriculture have any concern for the dairy farmer, they will change their present attitude in regard to the needs of this most vital industry.

We resent the fact that the Governor of this Commonwealth and the Secretary of Agriculture

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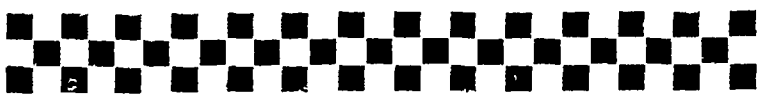
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