

Letters to the Editor

Editor, Lancaster Farming.

For some time now Mr. William E. Lickert, who identifies himself as president of Pennsylvania Conference on Dairy Education, has been presenting a distorted picture of the dairy industry in his letters to editors and through statements in news release.

The organization with which Mr. Lickert identifies was founded in June of 1970 by 12 Teamster Union locals and Mr. Lickert, as president of Teamsters Local 205, Milk, Ice Cream and Dairy Employees, Pittsburgh, was elected its president. Its avowed purpose was to support the retail milk price controls which force Pennsylvanians to pay the highest prices in the nation.

To achieve this end, Mr. Lickert has made seriously inaccurate and misleading statements which we feel can no longer go uncorrected.

I am a dairy farmer, a milk processor and a dairy store operator. I have to know milk marketing, if I am to stay in business. And I know that Pennsylvania's high milk prices are unnecessary and an unreasonable burden on the consumer.

Most fundamental error by Mr. Lickert is his misrepresentation of the position of consumer milk price-fixing opponents in regard to the future of the Milk Marketing Board. He says we would abolish the Board, which is untrue. Legislation we support would eliminate the Board's powers to fix consumer and wholesale prices, but would not curtail the Board's authority to protect the dairy farmers. Of course, nearly 90 per cent of Pennsylvania's milk is sold through Federal Order Markets which set the producer price, but the Board would continue functioning in the 10 to 15 per cent of the instances where state farmer price protection is still needed. It also would have more time to

handle milk dealer bonding to assure payments to farmers for the milk they deliver and other matters.

Furthermore, we strongly support a prohibition against below-cost sales, preventing the unfair trade practices which Mr. Lickert says would disrupt the dairy industry. A uniform accounting system, already in the law, could be utilized to determine each milk dealer's actual costs in enforcing this provision. So, you can see, our stand regarding the Board is much different than Mr. Lickert claims.

Mr. Lickert also claims that the state's dairy farmers support his stand. While some farm organizations do want consumer price controls continued, others do not and the individual farmers in general are not so sure. They have been deluged with misinformation from price-fixing advocates, but it has been my experience that farmers are independent thinkers who make up their own minds when they are given all the facts.

They know that Pennsylvania dairy farmers have remained solvent by becoming the most efficient in the country with yield per cow increasing two and one-half per cent annually. On the other hand, the state's milk dealers must be the most inefficient in the nation, if they really need spreads of 63 to 72 cents a gallon to stay in business. But these big margins actually are used for under the table dealings between the big dairies and the big food distributors to split up the fat profits the farmer never sees. However, the farmer can see that increased Class I milk consumption, motivated by lower consumer milk prices, would help his income. A 1971 study by Penn State University, and the experience in New Jersey when prices dropped in 1964, clearly show that lower retail prices do result in increased fluid milk consumption. And the farmer gets a higher price for this Class I milk.

Mr. Lickert attempts to distort the New Jersey situation to support his views. He cites a decline in the number of New Jersey milk dealers, indicating

there were a rash of bankruptcies. This is not true. Most of the decline was due to mergers and consolidations, a natural consequence of modernization which has occurred in the dairy industry all across the nation, including Pennsylvania. Mr. Lickert failed to mention that the number of milk dealers has been going down in Pennsylvania as it has nationally, despite milk price-fixing here. Actually, the whole issue is invalid. Even with fewer milk dealers, there is more than enough milk, no evidence of monopolistic practices and dairy farmers have had no problem finding a market for their milk.

Mr. Lickert also cites the decline in New Jersey dairy herds. However, in a relatively small, highly urbanized state, what would you expect? New Jersey's population is about seven to one urban. It is the most highly urbanized state. Moreover, most of the dairy herd reduction occurred in spite of state milk price controls. It has only been during the last two years that the supreme court, has prevented state-enforced high milk prices in New Jersey. But again the point is valid. Over the last 10 years, production per cow has increased year by year. Fewer herds have not disrupted the New Jersey dairy industry, nor limited the supply of milk to consumers.

Higher milk prices in New Jersey ghetto areas also were cited by Mr. Lickert as a reason for keeping milk price-fixing in Pennsylvania. However, if he had dug a little deeper, he would have found that milk prices are higher in Philadelphia ghetto areas, too. Testimony at New Jersey dairy industry hearings, based on actual purchases in many stores, showed prices were three to eight cents per half-gallon higher in the Nicetown section of Philadelphia. This hardly makes a case for continuing milk price controls in Pennsylvania.

Another false claim by Mr. Lickert is that dairy stores seek the end of price-fixing so they can use milk as a "loss leader" to attract customers. Of course, the prohibition against below-cost sales which we support refutes this charge. Moreover, it just does not make good sense. At our Loudon Hill Farm dairy stores in the Scranton - Wilkes - Barre area, around 50 per cent of our sales is milk. It is inconceivable

that any merchant could take a loss on such a large volume of his business without going broke.

The state now forces Loudon Hill Farm to sell our milk at \$1.15 per gallon in the Scranton area. Even though we pay dairy farmers the highest prices for their milk, we could still sell at 93 cents a gallon and make a reasonable

profit. We have the cost data to prove it. Our stores in New Jersey sell Pennsylvania produced milk at 96 cents a gallon after we pay to haul it. Yet, the Milk Board, under former chairman Huber, turned down our formal request to lower the prices in our Pennsylvania

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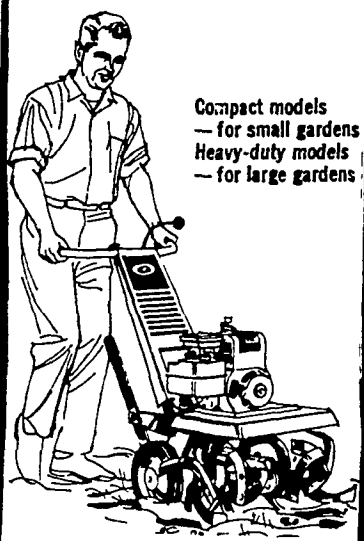
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