Letters To The Editor

Dear Editor:

I read with interest the story about Atlantic Processing petitioning The Pennsylvania Milk Marketing Board to allow milk prices to seek the level dictated by the free market.

My family has been in the milk business since 1912, fırst as a farm-to-retail operation and then (since 1936) as two separate businesses: Woodson Farm, a 50 cow registered Holstein herd; and Woodson Dairy, a small property handler of milk. I have no direct financial axe to grind in Woodson Dairy, but I have always felt loyal to the place we ship our milk to, and I naturally see things from the point of view of a competitor of Lehigh Valley.

At any rate, it is refreshing to see Atlantic Processing arguing for a free market. I just wish they would take a consistent attitude toward the pricing of wholesale milk under federal orders.

Several years ago Woodson Dairy was reluctantly drawn into The Federal Milk Marketing Order because Lehigh Valley, among others, said that small property handlers had an unfair competition advantage over them because a large portion of Woodson Dairy's sales were fluid milk, Woodson Dairy was able to pay its shippers a lower price for that fluid milk and still hold the blend price to approximately what the large co-ops were paying. (Never mind the fact

that nearly every other competitive advantage that comes from an economy of scale was held by Lehigh Valley).

In short, hearings were held, Federal Registers published, and Woodson Dairy together with other unwilling dairies, were included in The Federal Order. The net effect of which is to penalize Woodson Dairy for selling to a large proportion of its milk as a fluid.

To our way of thinking, it is simply the tyranny of the majority over the minority and we see little hope that our interests will ever find an ear in the Federal bureaucracy.

As far as Woodson Farm goes, we no longer have any financial reason to prefer shipping to Woodson Dairy. The price we get is dictated by droves from Washington, and it was little direct relation to The Economics of Red Hill, Pa. Instead, it is the end result of a series of calculations of production costs in the upper midwest.

Nothing makes my bloodboil more than the frequent
letters we get from our
market administrator telling
us what a splendid break
they have achieved on our
behalf. Bargaining between
Woodson Dairy and Woodson
Farm has been replaced by
commands from the commission. I should add, too,
that the milk business has
not been made a big bonanza
because of federal tampering with our prices.

The only general ob-

servation I can make about the price of milk under the government's guidance is that it is continually just barely enough to keep us interested. The carrot on the stick is not too big, but we think it may look bigger when we get up close.

Federal orders serve the interests of large co-ops that dispose of a large portion of their milk as a manufactured product. They allow processors to acquire milk for cheese manufacturing at a low price related to that of fluid milk, and then the pool (The "producer settlement fluid") forks over the money they might have received for selling fluid milk. Fluid milk then becomes a problem commodity for the large processor, and he winds up selling it for the least possible price just to be rid of it.

There is no other explanation for the ruthless price competition engaged in between Lehigh and Dairylea. They make their profit in manufacturing and only seek minimum margins (or no margins at all) on the fluid product.

The management of Atlantic Processing is therefore vocal about PMMB rules that pertain to their fluid prices, but strangely silent about the Socialist machinery of the federal government.

Small dairies can find a niche as producers of high quality products, and they can overcome competition from the cheap milk competition; but they should not be required to buy milk according to a rigid set of rules and then sell it in a market dominated by a competition that does not care enough about profitability.

Let Atlantic Processing make money any way they see fit, but leave the small independent processors out of an arrangement that seizes their profits for the sake of Atlantic's cash flow.

I would prefer the chaos we suffered in milk pricing from 1912 until our inclusion in The Federal Order over the stability (indistinguishable from the chaos) we now enjoy.

Roderick W. Wood R2 Pennsburg

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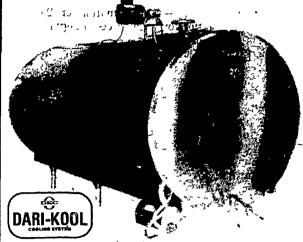
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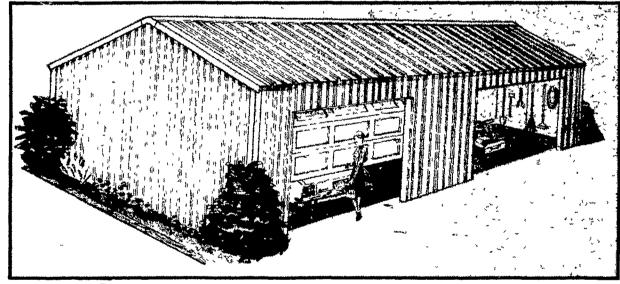
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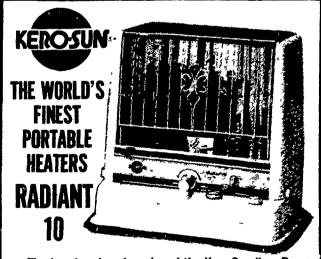
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