

on pros and cons of 'Block Vote' Bill

thousands. My dollar investment is very important.

The accountability of a marketing program should be measurable. If, within three years, the marketing program is not showing returns for its investment, a referendum should be called. I'm sure Pepsi doesn't run promotion or advertising programs three years before pulling it if it isn't productive. If things are going well with the program, it will be continued. I feel a three year recall will strengthen the marketing program by making it more accountable to the producer.

In closing, I strongly feel that all of the changes offered to the Agriculture Act are extremely beneficial to the producers. If cooperatives are truly representative of their producers — and if farm organizations are truly representative of their membership — passage of House Bill 767 will only stand to strengthen their position because it is truly the position of the producer.

However, if that position is not truly reflective of the producers position and House Bill 767 is defeated, you have given away the producers right to vote and his right to fair representation.

Either way you vote on House Bill 767, the cooperatives win. The co-op will block that way or the producer will vote the way the co-op would have. However, if they do not represent their producers, and they very well may not, your opposing vote will cost producers their vote.

Please support House Bill 767. You have nothing to lose the producer does.

Inter-State

My name is Daniel L. Martin. I am a dairy farmer from Manheim, Lancaster County and vice president of Inter-State Milk Producers' Cooperative, 1225 Industrial Highway, Southampton. Inter-State represents over 2,800 Pennsylvania dairy farms and over 3,300 dairymen in the Middle Atlantic Region.

As I understand the issue facing us, the proposal is to eliminate the procedure whereby cooperatives can collectively represent their members through the so-called "bloc vote" procedure. This proposal would only permit individual voting and would deny any cooperative the representation right which is given all corporate Boards and Legislatures.

Dairy cooperatives consider the privilege of "bloc voting" as a vital tool to support the federal and state marketing programs which assist the industry and cooperatives in producing and marketing an adequate supply of pure and wholesome milk at all times.

The application of "bloc voting" is an extension of the democratic process of representative voting from the farmers to their elected Board members. As stated earlier, this is the essence of our cooperative institutions and government bodies. There is no sound or logical reasoning which would lead one to deny this procedure to cooperative decision making.

Over the years, dairy cooperatives have supported "Bloc Voting" for the following reasons: Bloc voting enables cooperative members to take unified action on

matters of vital importance to them;

Bloc voting gives the cooperative the total strength of its producers since all are counted in the vote; and,

Outside interests cannot coerce individual cooperative members to counteract the aims of the group.

Opponents of the "bloc vote" advance the following arguments:

Bloc voting prevents individual action by a dissenter — (This argument is answered by the methods used in referenda on milk promotion plans in Pennsylvania); Some feel that cooperatives have too much power relative to non-members; and,

Cooperatives can control the provisions in marketing plans.

It seems to me that the last two points are largely unfounded as they affect dairy farmers. The proportion of members to non-members is a result of years of marketing practices and changes in the industry. If cooperatives have assumed greater responsibilities, they will represent more of the industry than non-members. And, in the final analysis, the Secretary of Agriculture makes the final decisions and issues the rules and regulations — cooperatives do not.

We, at Inter-State, do not believe the privilege of "bloc voting" should be changed for the following reasons:

At this time, it would be considered an attack on dairy cooperatives and would ignore other commodities;

It would surely defeat any chance for a promotion program for milk without any analysis of the issues;

It would increase the time and cost of referendum; and,

It would conflict with federal

N. Tier Dairy Co-op

I am William Sturges, a dairy farmer and president of the Northern Tier Milk Producers

Cooperative of Wellsboro. I'd like to testify on House Bill 767. Before I do, let me explain some of the problems facing dairymen in Tioga County.

A group of dairymen, including myself, had an honest concern with the way major cooperatives were handling producers. As the size of a cooperative structure grows, the less control producers seem to have.

A number of us were tired of repeated assessments by the major co-ops, and the lack of control that the farmer really has. So, we formed our own cooperative and recently received our Articles of Association. Ours is a small but growing organization. We feel we have made a step in the right direction. We hope to offer the dairymen of Central Pennsylvania an alternative market.

We as a group have dedicated ourselves to remain farmer controlled. So that means we as a group will not block vote for referendums. I'm not here today to run down major cooperatives. The major cooperatives have done an effective job in helping to provide a stable market for dairymen in Pennsylvania.

I'm not here to testify against cooperatives. I'm here today to testify against block voting. It is one practice done by dairy cooperatives that I have found very objectionable.

First of all, the Board of Directors of a cooperative decides which way to cast its block vote. Since most of the co-ops in Pennsylvania enroll members from out of state, some of the directors on co-op boards are residents of other states.

These directors have the power

to decide if dairymen in Pennsylvania would or should be required to contribute to a marketing program. It's like the voters of Canada deciding that the people in the United States must pay more taxes.

Should block voting not be permitted in the Commonwealth, as House Bill 767 seeks to accomplish, then a New York farmer who's on the board of a Pennsylvania cooperative would not dictate whether I must contribute to an advertising program.

Another reason that block voting is harmful is apathy. If a producer disagrees with his cooperative's decision, he may feel that his vote is not important.

It's true that his vote is deducted from the overall co-op block total. But so many farmers don't even bother to cast ballots when a co-op block votes. They feel if the co-op throws their 2,000 votes for a referendum, his one vote "against" won't change the outcome — so why even bother.

Many board members have said that block voting is vital, and good for the cooperative structure. In some cases, these same board members have not properly polled its membership to determine their position. After all, it's the members who will pay for the program in the end.

I'm happy to see legislation introduced in the General Assembly that would eliminate cooperative block voting. I'd like to commend Representative David Wright and the 15 other co-sponsors of the proposal. Some co-ops may not agree with this legislation, but the farmers do. And it's the farmers whose interest this committee ought to protect.

For these reasons, I urge this committee to fully support House Bill 767.

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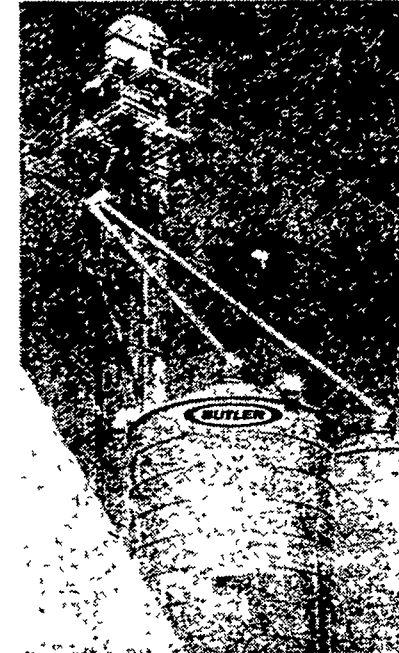
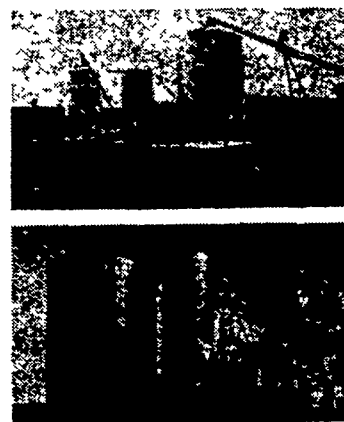
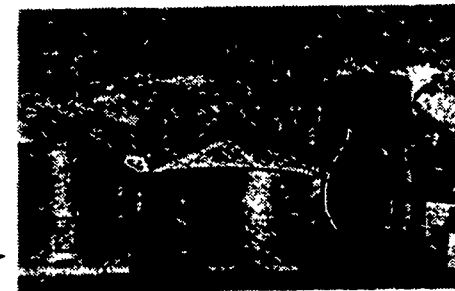
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