

# Co-ops speak out for milkerendum

LANCASTER — This time next month, we should know whether state dairy farmers agreed to chip in a dime for the proposed Milk Marketing Program. Many of these farmers, if in agreement with their co-op, won't have to vote but instead just sit back and let their co-op cast one big bloc vote.

Although there is still one final referendum hearing on March 12 in Harrisburg, most of the co-ops have voiced their opinions and have given the referendum either the red or green light.



"Delegates representing 3,200 members of Inter-State Milk Producers' Cooperative approved a resolution supporting mandatory, statewide dairy advertising and promotion at the annual meeting in November," said President Robert B. McSparran.

The time is long overdue for dairy farmers to pick up the slack in dairy product marketing, McSparran said. "After all, 70 percent of the fluid market is held by private labels—store brands, and you don't see these companies trying to boost milk sales," he insisted.

Dan Martin, vice president of Inter-State and chairman of the Federal Order 4 Advertising and Promotion Agency Board, feels more farmers support this proposal than the two previous referendums.

"The Pennsylvania Farmers Association, the Pennsylvania Grange and Eastern Milk Producers Cooperative support the current referendums, although they did not endorse past marketing proposals," Martin said.

"There is a lot of rhetoric about generic versus brand advertising," commented Martin. "Research conducted over the past 18 years has clearly indicated that non-brand (generic) advertising provides a significant return on investment for the dairy farmer," he continued.

"It is important that dairy farmers realize that monies generated through this program will be under the control of a 20-person advisory board composed of Pennsylvania dairy farmers," McSparran said.

"As currently drafted, the program authorizes the Secretary of Agriculture to approve only programs recommended by the state advisory board. Although he may veto a proposal, he cannot initiate action without board approval," McSparran continued.

"These checks and balances insure that the marketing program remains producer-oriented," he finished.

"The mandatory provision may prove to be good politics on the Federal front," Martin said. "Stockpiling surplus dairy products are a serious threat to the future of any federal dairy programs," he said.

"Washington has to know that all dairy producers are aware of the supply/demand imbalance and that all dairymen are willing to do something about the problem," he said. "The mandatory contribution prevents free-riders while making sure that everyone who contributes to the problem becomes part of the solution," he concluded.

A nine million dollar program sounds like a lot, Martin said, but soft drink manufacturers spend a million dollars a day advertising their products. "It is time dairy did a better job of meeting its competition," he said. "The Pennsylvania referendum is one step toward this goal."



The Board of Directors of Eastern Milk Producers recently reversed the cooperative's historical position on milk promotion programs in deciding to bloc vote its Pennsylvania membership in favor of a milk referendum in that state. Cooperative President, Stanley Korona said, "We are in a period of extreme dairy surplus, and farmers must help reverse the trend."

Faced with a Federal Farm Bill that sets flat prices for the next four years, and with a rising dairy production pattern nationally, Eastern's Directors thought it time farmers themselves commit to an advertising program designed to increase consumption. If consumption increased government purchases may fall, and dairy farmers themselves will have been part of the solution.

With this in mind, the Board announced its intention to bloc vote approximately 1,700 members in the Commonwealth, so long as individual farmers have the right to vote for themselves. The law under which the referendum is being conducted assures this individual right to vote. Korona said, "We support this referendum and hope all dairy farmers voting agree to make the commitment."

"Thus and other promotion efforts by farmers will send a clear signal to the Administration in Washington that dairy farmers have committed themselves to help solve the problem," said Earl Forwood, Secretary of the Board.

The Board also noted that increased dairy consumption will take pressure off the purchasing responsibility of the Commodity Credit Corporation (CCC), which could contribute to actual increases in the price support level in the future. Although the most recent Farm Bill sets essentially flat milk prices, there are two provisions related to levels of CCC purchases that could increase support prices to either 70 percent or 75 percent parity in marketing years through 1983.

Eastern's Board of Directors hopes its action will both support promotion and increased consumption, while also raising the possibility of higher support prices in the years to come.



"We would like to go on record as supporting the proposed Pennsylvania Milk Promotion Order and are encouraging our local member cooperatives to bloc vote in favor of the program," said NEDCO President Edward McNamara at a recent meeting of the large, Syracuse-based dairy cooperative.

NEDCO has had a policy favoring dairy farmer supported milk promotion since its incorporation in 1965, he said.

"We, as a collective body, strongly believe that the milk promotion program being considered in Pennsylvania, is in agreement with our cooperative's objectives, in that it provides a way of collecting a sum of money that will finance an effective milk

promotion and research program in the Commonwealth," explained McNamara.

McNamara also stated that he does not consider the three-fourths of one percent take out a "milk tax" as some are calling it.

"How can you refer to an investment in your livelihood as a tax?" he questioned. "Furthermore, the cost of the plan is distributed evenly over all producers," he said. Next, McNamara noted that the rate of deduction per hundredweight is flexible so that it will move with the price of milk in the three principal federal order milk markets.

"We agree too that the program will and should be administered by an Advisory Board, appointed by Secretary Hallowell, from among nominations provided by the cooperatives," he said.

McNamara added that there has never been a greater need for milk promotion and research than at the present time. Milk production has increased greatly in Pennsylvania as it has throughout the country, outstripping consumer demand for the increased supplies.

"The federal government, through the Commodity Credit Corporation, has been purchasing large volumes of storable products," McNamara commented. "As a result, support prices have not been increased."

He went on to say that if the dairy industry is to survive, it must take constructive action on its own.

"One of the most important areas is to increase milk and dairy product consumption," he said. "The proposed program for Pennsylvania will provide an excellent means by which we can achieve this objective."



Alpheus L. Ruth

I am a Pennsylvania dairyman and involved in a cooperative that markets each month nearly 100 million pounds of milk. This milk does not end up in government storage. Most of it goes to consumers via supermarkets. I have a real interest in the recently held hearings on the Pennsylvania Milk Referendum and have attended all five of them to get a reading of milk producers' attitudes across the state.

I am not opposed to advertising. In fact, I am very positive about it. I am also positive about giving all dairymen as much of their dollar as possible. The farm economy is at an all time low right now. Every dairymen has the right to all the information as to the future costs involved in promotion. I am wondering how many Pennsylvania dairymen are aware of an additional five cents per hundredweight that could come about in a national referendum. I am not too sure this is not what should come first. We have a national surplus problem not only in Pennsylvania, but if we vote in the Pennsylvania Referendum first, we could very well end up with a double assessment. Last year Pennsylvania only produced about 8 billion pounds of milk and the whole northeast about 20 billion. A national referendum would drown the northeast votes if both of these involve mandatory deductions. I did not hear this mentioned at any of the hearings the past week.

By now I am sure you recognize

that I am not in favor of generic advertising. I have more reasons than I can state in this letter. Let's look at just a few: Milk today is in fourth place. To what - soda, beer, coffee? Is milk behind generically - or is it behind because of the strength of these products by their brand names - Coke, Pepsi, Budweiser, Maxwell House, and so on. Recently I spent some time before the television tube in my travels. I saw many commercials but no generic ads, except for milk.

I know of very few items that are generic. When they are, the prestigious mark of quality has in most instances been lost. To me generic advertising is like sending a man out to dig a ditch with a shovel that has no handle.

The alternate plan I refer to is that of a provision for a matching fund program. (Prohibited in Article V of the current proposal.) If this matching funds concept would be acceptable, the program would not need 10 cents per hundredweight. Something less would yield the same amount of revenue.

The matching of dealer/handler funds with deductions from the farmer would share the responsibility for delivering a good product and marketing it effectively to the consumer.

I believe that in using the method above we could have a meaningful and fair referendum passed in the State of Pennsylvania. I am confused that the people pushing the generic concept feel that they need all the revenue. Those of us requesting a matching fund program are not asking for all the dollars. We only want a fair share, so that our own current, successful brand program is not stopped. We feel it would be, if the referendum were passed. We need all our dairymen in our program.



A dairy referendum designed to double the existing expenditures for dairy promotion within the state is currently being supported by Milk Marketing Inc. (MMI), the regional dairy cooperative that markets the milk produced by 1,200 dairymen in western Pennsylvania, according to Andy Langmyer, Pittsburgh division manager for MMI.

"With the assurance from the United States Department of Agriculture (USDA) that they will not initiate the termination of existing Federal Order advertising programs, MMI can now fully support the proposed Pennsylvania Milk Marketing Program," testified Langmyer at the recently held public hearings.

"While MMI does not think dairy farmers can advertise themselves out of all their current over-production problems, we do feel that the return on this investment is more than worthwhile," said Langmyer.

Studies conducted by USDA, Cornell University and United Dairy Industry Association (UDIA), indicate that on an average, dairymen receive a return of \$2.20 for each dollar invested.

"Since all milk producers gain from better markets for their milk, whether or not they individually participate in the funding of these programs, we support the idea that — if the majority of Pennsylvania producers decide there should be a milk marketing program — all producers must participate. Even a producer who believes and wishes to invest in advertising feels he is being short changed if his neighbor gets the benefit of his

investment without an equal investment on his neighbor's part," explained Langmyer.

"The proposed provisions of the program allow for the theory that the advertising dollars should follow the milk to market. Since Pennsylvania is a surplus milk producing state, it is particularly important that this theory be followed here. Much of this state's milk production must find markets outside of Pennsylvania.

As an example, in December 1981, MMI moved approximately 27 million pounds of its members' milk — produced in Pennsylvania — into Ohio in order to secure markets for that milk. It is important to Pennsylvania farmers that all of these out-of-state markets continue to provide a good outlet for Pennsylvania milk," Langmyer reported.

MMI also recommended to the Advisory Board and Secretary to give serious consideration to funding ongoing programs that have been developed by dairy farmers over a period of years. While the Advisory Board and Secretary have the authority to expend the funds without certain limitations, MMI urged that producer money not be wasted by duplicating programs and research currently being done.



Keith Eckel, PFA president and a dairyman from Clarks Summit, Lackawanna County, urged his fellow dairymen to adopt the proposed program during an address to presidents of PFA's county associations. He also urged the county leaders to commit themselves toward working for passage of the referendum in their area.

Eckel told the county leaders, "PFA represents more than 10,000 dairymen, and I speak in their behalf because our members adopted policy. Policy contains certain guidelines: 1. Farmers must control the program. 2. Farmers must have control of funds. 3. Funds must be spent for milk promotion. 4. Funds should also be used for product and market research. 5. A majority of farmer voting must approve the program. A definite termination date of an active program must be designed. 6. Dairymen wishing to amend or terminate the program should have right of petition to do so."

"The proposed milk marketing program includes every major guideline established by our membership. Delegate action on this matter was unanimous.

"A farmer advisory committee will administer the program. The Pennsylvania Agriculture secretary can not — I repeat — can not — initiate any program without the advice and consent of the committee of dairymen. I trust my fellow dairymen to act in my best interests and those of my industry. Don't you?"

"Your 'Yes' vote is a vote for a profitable future for your dairy business in Pennsylvania. I urge each and every person in this room to work actively for the enactment of the Pennsylvania milk marketing program, and most importantly, I urge your personal endorsement of this program."