

Testimony unanimously favors resale milk pricing

BY KATHY GILL

HARRISBURG — The only thing unexpected about Thursday's hearing on resale milk pricing was that no one testified in opposition.

"It was the most unified testimony at any resale pricing hearing in my 15 years experience," commented Earl Fink, executive vice-president, Pennsylvania Association of Milk Dealers. Fink was Pennsylvania Milk Marketing Board executive secretary for 12 years prior to joining PAMD.

"Usually, Common Cause, or an ambitious politician testifies that the resale price provisions" should not be part of PMMB responsibility, he said.

Eleven persons testified before Rep. Carmel Sirianni, chair of the joint study committee on resale pricing. The committee was established in 1984 Sunset legislation extending the life of the PMMB. One party, representing the Teamsters' Union, entered a statement but did not present oral testimony.

Comments focused on price stability for farmers, consumers and milk dealers. Testimony also emphasized Pennsylvania's low milk prices in relation to prices

across the nation. And most advocates noted that Pennsylvania's system keeps grocery stores from using milk as a loss leader.

All statewide farm organizations — PFA, the State Grange, PFU, and the Pa. Association of Farm Cooperatives — testified for continuing PMMB resale pricing authority. Charles Wismer, master of the State Grange, said, "Assuring the price at the farm level is not enough."

Jim Fraher, economist for Interstate Milk Producers' Cooperative, testified for PAF and five of its dairy co-op members, representing 6,800 producers and 4.3 billion pounds of milk annually. He echoed Wismer's point and acknowledged that Pennsylvania is "one of only a handful" of states which establish milk prices.

However, he pointed out that at least 20 other states have some measure to regulate milk pricing.

Gene Gaymen, PFA vice-president, added that the stable economic environment has developed "positive consumer attitudes (toward milk), found in few other areas of the nation."

The most powerful testimony, however, came from the milk

dealers themselves. Fink noted that PAMD members market 90 percent of the fluid milk in Pennsylvania and have a weekly payroll of \$3.8 million. In supporting the continuation of resale pricing, he refuted, point by point, testimony presented at a prior hearing by PMMB chair Robert Derry.

David McCorkel, Pennsylvania Food Merchants Association, said that the state's grocery and convenience stores like the current system.

In response to a direct question

from Sirianni, he said his organization would not benefit from using milk as a loss leader.

Sirianni, confirming that no consumer groups testified, announced that interested consumers would be allowed to testify at the Sept. 19 meeting of the committee. She placed the burden for ob-

taining consumer testimony on the consumer members of the committee. However, comments from the audience summarized the feeling that, with milk prices dropping 14 cents in western Pennsylvania this year, consumers are probably content with the system.

Dairy Marketing

PFA backs continuation of Board

HARRISBURG — The Pennsylvania Farmers' Association (PFA) is recommending that the Pennsylvania Milk Marketing Board continue to have authority to set minimum retail prices for milk.

D. Eugene Gayman, a Franklin County dairyman and vice president of PFA, explained the statewide, general farm organization's position during a hearing in Harrisburg by the Joint Study Committee on Resale Pricing of Milk in Pennsylvania.

Gayman said the Milk Marketing Board should continue

to set minimum prices at the farm, wholesale, and retail levels to assure an adequate milk supply for consumers and to maintain economic stability in the milk industry. PFA represents the views of 23,313 farm families.

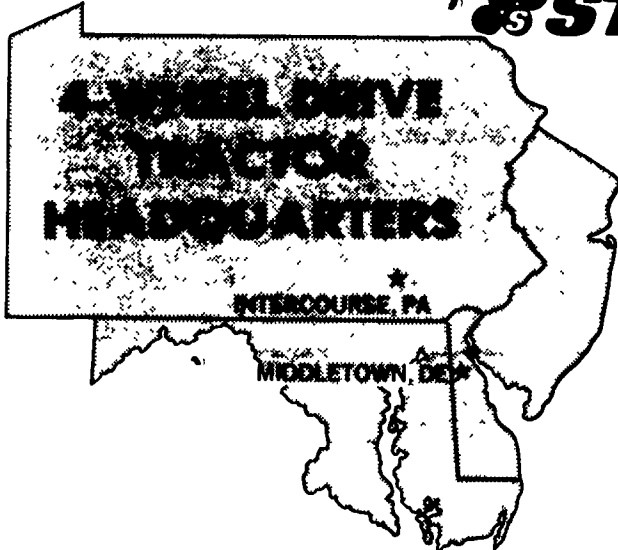
The Joint Study Committee, representing consumers, dairymen, milk dealers and legislators, was created during the Sunset Review re-authorization of the Pa. Milk Marketing Board last year. It will report to the General Assembly later this year on whether or not the Milk Marketing Board should continue its price-

setting functions.

Gayman told the committee, "Consumers are generally unaware of the actual benefits provided for them under Pennsylvania Milk Marketing Board pricing activities."

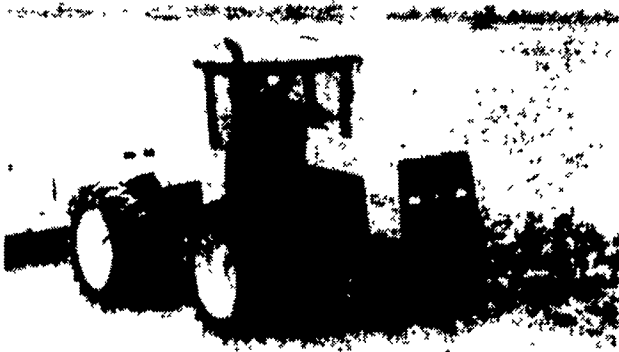
Consumers benefit because prices are stabilized over periods of time and because prices are kept lower than average, Gayman said, noting, "According to the most recent survey of Supermarket Milk Prices (July 1 - 5, 1985) conducted by the International Association of Milk Control Agencies, prices in Pennsylvania were below the national average, being in the bottom 25 percentile nationwide."

"Further evidence of consumer benefits is the new 'unit costs' prices for milk marketing Areas 5 and 6 which took effect Aug. 1 of this year. The new price orders, while increasing whole milk prices slightly, lowered prices on almost all other lowfat and skim milk products, some by over 20 cents per gallon."



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