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SPEECH BEFORE THE VIRGINIA COOPERATIVE HOLSTEIN BREEDING ASSN

JULY 20, 1966

LADIES AND GENTLEMEN:

IT IS A DISTINCT PLEASURE FOR ME TO BE HERE WITH YOU TODAY. AND IT IS HIGHLY APPROPRIATE THAT I SHOULD BE TALKING TO YOU HERE IN LOUDOUN COUNTY BECAUSE--AND SOME OF YOU MAY NOT KNOW THIS--THE AMERICAN DAIRY INDUSTRY HAD ITS BEGINNING IN THE STATE OF VIRGINIA.

BACK IN 1957, VISITORS TO THE 350<sup>TH</sup> ANNIVERSARY OF THE FOUNDING OF JAMESTOWN SAW A COW GRAZING IN FRONT OF THE GOVERNOR'S PALACE IN WILLIAMSBURG. THEY NO DOUBT WERE ASTONISHED, BUT THEY NEED NOT HAVE BEEN.

INDEED, THEY WOULD NOT HAVE BEEN SURPRISED IF THEY HAD



KNOWN THAT THE FIRST SETTLERS AT JAMESTOWN WERE MISERABLE WITH HUNGER AND SICKNESS UNTIL NEW LEADERS ARRIVED WITH COWS AND A DETERMINATION TO DEVELOP ADEQUATE FARM FOOD SUPPLIES.

TODAY AMERICAN DAIRYMEN ARE PART OF AN INDUSTRY THAT DOES A BUSINESS IN EXCESS OF \$5 BILLION A YEAR. IT'S A BIG VOLUME BUSINESS. YOU FELLOWS SITTING HERE BEFORE ME ARE COMING UP WITH THE ONLY REAL ANSWER TO PRESENT-DAY CONDITIONS--HIGH-PRODUCING REGISTERED ~~HOLSTEIN~~ HERDS.

YOU HAVE BROUGHT BIG-COW EFFICIENCY INTO THE DAIRY INDUSTRY. YOU ARE PEOPLE WITH KNOW-HOW AND HARD-HEADED BUSINESS JUDGMENT IN THE MANAGEMENT OF YOUR HERDS, YOUR FARMS AND YOUR WORKING CAPITAL. I SALUTE YOU.



THERE HAS BEEN A POPULATION EXPLOSION AND IT IS CONTINUING. THERE WOULD APPEAR TO BE GOOD OPPORTUNITIES IN DAIRYING IN THE YEARS AHEAD BECAUSE DEMAND FOR MILK IS ACCELERATING.

YET DAIRY HERD LIQUIDATION HAS BEEN OCCURRING IN RECENT YEARS AND IS CONTINUING.

WHAT'S THE REASON FOR THIS? ORVILLE L. FREEMAN, THAT FELLOW WHO POSES UNSUCCESSFULLY AS THE FRIEND OF THE FARMER, RECENTLY UTTERED SOME SAD BUT TRUE WORDS. THE FARMER, FREEMAN SAID, STILL IS EARNING ONLY ABOUT 65 PER CENT AS MUCH AS THE NON-FARMER. HE WENT ON TO WARN THAT IF FARMERS CANNOT EARN A DECENT LIVING THEY WILL DESERT THE FARM IN LARGE NUMBERS FOR BETTER PAYING JOBS.

FREEMAN ISSUED THAT WARNING ONE DAY BEFORE PRESIDENT

JOHNSON INVADED NEBRASKA AND IOWA ON JUNE 30 TO TELL FARMERS THEY NEVER HAD IT SO GOOD.

MR. JOHNSON WENT INTO NEBRASKA AND IOWA AND TOLD THE FARMERS THERE THEY WERE GETTING ALONG JUST GREAT.

BUT WHAT DOES THE RECORD SHOW? THE RECORD REVEALS THAT THE JOHNSON-FREEMAN ADMINISTRATION EARLIER THIS YEAR TURNED ON THE AMERICAN FARMER AND MADE HIM THE WHIPPING BOY OF INFLATION.

THE ADMINISTRATION LAUNCHED A WAR ON INFLATION, AND THE AMERICAN FARMER BECAME THE FIRST CASUALTY.


THE JOHNSON-HUMPHREY ADMINISTRATION DELIBERATELY WENT TO WORK TO DRIVE DOWN FARM PRICES IN AN ATTEMPT TO SOOTHE THE RUFFLED FEELINGS OF HOUSEWIVES DISTURBED BY THE RISING COST OF LIVING.



IT DIDN'T MATTER TO ADMINISTRATION OFFICIALS THAT THREE-FIFTHS OF THE COST OF FOODSTUFFS IS ADDED AFTER THE PRODUCTS LEAVE THE FARM. THE FARMER WAS AN EASY TARGET. AND BESIDES THERE ARE A LOT MORE VOTES IN THE CITIES.

I DIDN'T REALIZE JUST HOW FURIOUS THIS MADE THE FARMER UNTIL OFFICIALS OF THE MICHIGAN MILK PRODUCERS ASSOCIATION CAME TO WASHINGTON TO MEET WITH THE MICHIGAN CONGRESSIONAL DELEGATION--REPUBLICANS AND DEMOCRATS.

THEY HAVE NEVER SPOKEN OUT SO BLUNTLY IN THE PAST. THEY WERE ANGRY ABOUT MARGARINE BEING SUBSTITUTED FOR BUTTER IN THE GOVERNMENT'S RELIEF FEEDING PROGRAMS AND IN ARMY AND AIR FORCE RATIONS. THEY WERE ANGRY ABOUT THE REFUSAL OF THE ADMINISTRATION TO MAKE USE OF OPEN MARKET PURCHASE AUTHORITY FOR MILK AND DAIRY PRODUCTS. THEY WERE ANGRY



ABOUT MR. JOHNSON'S ATTEMPTS TO CUT BACK THE SCHOOL MILK AND SCHOOL LUNCH PROGRAMS. THEY WERE ANGRY ABOUT A SHARP INCREASE IN CHEDDAR CHEESE IMPORTS. THEY WERE ANGRY ABOUT THE ADMINISTRATION'S REFUSAL TO RESTRICT IMPORTS OF CREAM, JUNEX, GRAPEX, COLBY CHEESE AND SWISS CHEESE. THEY WERE ANGRY ABOUT THE AGRICULTURE DEPARTMENT'S REFUSAL TO HOLD NATIONWIDE HEARINGS AIMED AT PERMANENTLY INCREASING CLASS I MILK DIFFERENTIALS IN FEDERAL ORDER MILK MARKETS.

DAIRY FARMERS WEREN'T THE ONLY PEOPLE IN AGRICULTURE WHO WERE UNHAPPY. THE ADMINISTRATION ALSO TOOK ACTIONS CALCULATED TO FORCE DOWN PRICES IN OTHER SECTORS OF AGRICULTURE.

THIS WAR ON AGRICULTURE SUCCEEDED ONLY TOO WELL.

LET OFFICIAL AGRICULTURE DEPARTMENT FIGURES TELL YOU THE STORY AS IT APPLIES TO DAIRY FARMING.

DURING THE JANUARY-THROUGH-MAY PERIOD, DAIRY IMPORTS WERE THE EQUIVALENT OF 929 MILLION POUNDS COMPARED WITH 395 MILLION POUNDS FOR THE SAME PERIOD IN 1965. AT THIS RATE, IMPORTS FOR THE ENTIRE CALENDAR YEAR WOULD REACH 2 BILLION POUNDS COMPARED WITH 907 MILLION POUNDS LAST YEAR.

JANUARY-THROUGH-MAY IMPORTS OF FROZEN CREAM WERE UP ABOUT 40 PER CENT FROM A YEAR EARLIER, AND THOSE OF COLBY CHEESE ABOUT 50 PER CENT. JANUARY-THROUGH-MAY IMPORTS OF OTHER NON-QUOTA CHEESE AS WELL AS THOSE OF QUOTA CHEESES ROSE ABOUT 30 PER CENT FROM A YEAR EARLIER.

SO HERE YOU HAVE THE JOHNSON-FREEMAN ADMINISTRATION





GANGING UP ON THE FARMER. YET FARM PRICES TODAY ARE 6 PER CENT LOWER THAN THEY WERE IN THE KOREAN WAR YEAR OF 1952. AT THE SAME TIME FOOD PRICES HAVE GONE UP 16 PER CENT AND FARM COSTS HAVE RISEN 15 PER CENT.

WHAT IT AMOUNTS TO IS THAT THE JOHNSON-FREEMAN ADMINISTRATION HAS UNJUSTIFIABLY BLAMED THE FARMER FOR HIGH FOOD PRICES AT A TIME WHEN THE FARMER IS NOT GETTING HIS FAIR SHARE OF THE FOOD DOLLAR.

THE TRUTH IS THAT FARMERS ARE CAUGHT IN A VICIOUS COST-PRICE SQUEEZE THAT LEAVES THEM ON THE SHORT END WHILE JOHNSON-FREEMAN ADMINISTRATION POLICIES KEEP PUSHING PRICES HIGHER AND HIGHER.

THE DAIRY FARMER HAS BEEN GETTING HIS LUMPS FROM THE



ADMINISTRATION ALONG WITH THE REST OF AGRICULTURE. SO IT WAS NO SURPRISE TO ME THAT THERE WAS A NEGATIVE REACTION FROM MANY DAIRY FARMERS WHEN THE ADMINISTRATION RAISED THE SUPPORT PRICE OF MANUFACTURING MILK 14½ PER CENT LAST JULY 1.

FARMERS ARE IN TROUBLE BECAUSE THE JOHNSON-FREEMAN ADMINISTRATION IS IN TROUBLE.

THE TROUBLE IS THAT THE ADMINISTRATION HAS NOT BEEN LOOKING AT THE REAL CAUSES OF INFLATION. INSTEAD THEY HAVE MADE FARMERS STRUGGLING WITH LESS THAN EQUITABLE INCOMES THE SCAPEGOATS OF INFLATION.

THE ADMINISTRATION IN EFFECT HAS BEEN PLACING PRICE AND INCOME LIMITS ON AGRICULTURE AND ON AGRICULTURE ALONE.



THIS IS NOT ONLY UNFAIR TO THE FARMER. IT IS HARMFUL TO THE ENTIRE ECONOMY.

I AM FIRMLY CONVINCED THAT THE NATION AS A WHOLE WOULD BENEFIT IF FARM PRICES WERE ALLOWED TO REACH EQUITABLE LEVELS.

YOU HOLSTEIN BREEDERS CAN TAKE A LOT OF SATISFACTION IN THE WORK YOU ARE DOING. YOUR EFFORTS ARE EXTREMELY IMPORTANT IN REVERSING THE FALL IN MILK PRODUCTION--A DECLINE WHICH THREATENS A TRULY INFLATIONARY SITUATION IN DAIRY PRODUCTS.

I CONGRATULATE YOU ON YOUR ROLE IN A GROWING AND DYNAMIC INDUSTRY AND I WISH YOU EVERY SUCCESS FOR THE FUTURE.

THANK YOU.

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SPEECH BEFORE THE VIRGINIA COOPERATIVE HOLSTEIN BREEDING ASSOCIATION--JULY 20, 1966

Ladies and gentlemen:

It is a distinct pleasure for me to be here with you today. And it is highly appropriate that I should be talking to you here in Loudoun County because--and some of you may not know this--the American dairy industry had its beginning in the State of Virginia.

Back in 1957, visitors to the 350th anniversary of the founding of Jamestown saw a cow grazing in front of the Governor's Palace in Williamsburg. They no doubt were astonished, but they need not have been.

Indeed, they would not have been surprised if they had known that the first settlers at Jamestown were miserable with hunger and sickness until new leaders arrived with cows and a determination to develop adequate farm food supplies.

Today American dairymen are part of an industry that does a business in excess of \$5 billion a year. It's a big volume business. You fellows sitting here before me are coming up with the only real answer to present-day conditions--high-producing registered herds.

You have brought big-cow efficiency into the dairy industry. You are people with know-how and hard-headed business judgment in the management of your herds, your farms and your working capital. I salute you.

There has been a population explosion and it is continuing. There would appear to be good opportunities in dairying in the years ahead because demand for milk is accelerating.

Yet dairy herd liquidation has been occurring in recent years and is continuing.

What's the reason for this? Orville L. Freeman, that fellow who poses unsuccessfully as the friend of the farmer, recently uttered some sad but true words. The farmer, Freeman said, still is earning only about 65 per cent as much as the non-farmer. He went on to warn that if farmers cannot earn a decent living they will desert the farm in large numbers for better paying jobs.

Freeman issued that warning one day before President Johnson invaded Nebraska and Iowa on June 30 to tell farmers they never had it so good.

Mr. Johnson went into Nebraska and Iowa and told the farmers there they were getting along just great.

But what does the record show? The record reveals that the Johnson-Freeman Administration earlier this year turned on the American farmer and made him the whipping boy of inflation.

(MORE)



The Administration launched a war on inflation, and the American farmer became the first casualty.

The Johnson-Humphrey Administration deliberately went to work to drive down farm prices in an attempt to soothe the ruffled feelings of housewives disturbed by the rising cost of living.

It didn't matter to Administration officials that three-fifths of the cost of foodstuffs is added after the products leave the farm. The farmer was an easy target, and besides there are a lot more votes in the cities.

I didn't realize just how furious this made the farmer until officials of the Michigan Milk Producers Association came to Washington to meet with the Michigan congressional delegation--Republicans and Democrats.

They have never spoken out so bluntly in the past. They were angry about margarine being substituted for butter in the government's relief feeding programs and in Army and Air Force rations. They were angry about the refusal of the Administration to make use of open market purchase authority for milk and dairy products. They were angry about Mr. Johnson's attempts to cut back the school milk and school lunch programs. They were angry about a sharp increase in cheddar cheese imports. They were angry about the Administration's refusal to restrict imports of cream, junex, grapex, colby cheese and swiss cheese. They were angry about the Agriculture Department's refusal to hold nationwide hearings aimed at permanently increasing Class I milk differentials in federal order milk markets.

Dairy farmers weren't the only people in agriculture who were unhappy. The Administration also took actions calculated to force down prices in other sectors of agriculture.

This war on agriculture succeeded only too well.

Let official Agriculture Department figures tell you the story as it applies to dairy farming.

During the January-through-May period, dairy imports were the equivalent of 929 million pounds compared with 395 million pounds for the same period in 1965. At this rate, imports for the entire calendar year would reach 2 billion pounds compared with 907 million pounds last year.

January-through-May imports of frozen cream were up about 40 per cent from a year earlier, and those of colby cheese about 50 per cent. January-through-May imports of other non-quota cheese as well as those of quota cheeses rose about 30 per cent from a year earlier.

So here you have the Johnson-Freeman Administration ganging up on the farmer. Yet farm prices today are 6 per cent lower than they were in the Korean War year of 1952. At the same time food prices have gone up 16 per cent and farm costs have

risen 15 per cent.

What it amounts to is that the Johnson-Freeman Administration has unjustifiably blamed the farmer for high food prices at a time when the farmer is not getting his fair share of the food dollar.

The truth is that farmers are caught in a vicious cost-price squeeze that leaves them on the short end while Johnson-Freeman Administration policies keep pushing prices higher and higher.

The dairy farmer has been getting his lumps from the Administration along with the rest of agriculture. So it was no surprise to me that there was a negative reaction from many dairy farmers when the Administration raised the support price of manufacturing milk  $14\frac{1}{2}$  per cent last July 1.

Farmers are in trouble because the Johnson-Freeman Administration is in trouble.

The trouble is that the Administration has not been looking at the real causes of inflation. Instead they have made farmers struggling with less than equitable incomes the scapegoats of inflation.

The Administration in effect has been placing price and income limits on agriculture and on agriculture alone. This is not only unfair to the farmer; it is harmful to the entire economy.

I am firmly convinced that the nation as a whole would benefit if farm prices were allowed to reach equitable levels.

You Holstein breeders can take a lot of satisfaction in the work you are doing. Your efforts are extremely important in reversing the fall in milk production--a decline which threatens a truly inflationary situation in dairy products.

I congratulate you on your role in a growing and dynamic industry, and I wish you every success for the future. Thank you.

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