

The original documents are located in Box D31, folder “National Federation of Milk Producers, Chicago, IL, September 4, 1971” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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NATIONAL FEDERATION OF MILK PRODUCERS,
SEPT. 4, 1971, CHICAGO, ILLINOIS.

THANK YOU. THANK YOU FOR THAT KIND INTRODUCTION. I HAVE NOT ALWAYS BEEN IN SUCH DEMAND AS A SPEAKER AS I APPEAR TO BE NOW. IN THE COUNTY OF FAIRFAX, VIRGINIA, WHERE I LIVE, THE FAIRFAX COUNTY LADIES FLOWER CLUB WAS PLANNING THEIR ANNUAL BAZAAR AND THEY NEEDED A MASTER OF CEREMONIES. THE GIRLS WERE MEETING IN EXECUTIVE SESSION, AND THE CHAIRMAN SAID: "NOW I'LL TAKE NOMINATIONS FROM THE FLOOR FOR OUR MASTER OF CEREMONIES AT OUR ANNUAL BAZAAR."

ONE OF THE LADIES WHO IS A FRIEND OF MINE SAID, "WHY DON'T WE GET JERRY FORD?" ANOTHER OF THE LADIES DECLARED: "I DON'T BELIEVE THAT IS IN



How did you like my speech.
Lt. Lt Man

Gov. J Vergari Isles

BROOD / BROAD

happily clucking over new brood of
Republicans.

Washington D.C. - 1971

Year of Surprises

China

Wage / Price

IRS - Please do not write here

JERRY'S LINE, AND I DON'T THINK HE WOULD ACCEPT."

WHEREUPON A SPIRITED DEBATE ENSUED, SOME OF THE LADIES SAYING I WOULD ACCEPT AND OTHERS SAYING I WOULD NOT. FINALLY THE CHAIRMAN SAID, "GIRLS, LET'S NOT QUARREL ABOUT THIS. LET'S PUT IT TO A VOTE." THE VOTE WAS TAKEN. THE MAJORITY RULED THAT I WOULD NOT ACCEPT AND SO I WAS NOT ASKED.

I'M GLAD YOU FELLOWS DIDN'T DECIDE I WOULDN'T ACCEPT BEFORE YOU ASKED ME TO SPEAK HERE TODAY.

~~✓~~ YOU ARE ALL DAIRYMEN, AND SO WITHOUT FURTHER ADD I SAY, "LET'S TAKE THE BULL BY THE TAIL AND LOOK THE SITUATION STRAIGHT IN THE EYE."

IT IS AN EXHILARATING EXPERIENCE IN AN ERA OF SERIOUS PRICE-COST PROBLEMS

TO MEET WITH A GROUP THAT HAS ACTED SO CAPABLY IN HANDLING ONE OF THE GRAVE PROBLEMS FACING OTHER GROUPS IN AGRICULTURE-- THAT OF MARKETING.

AS YOU WELL KNOW, DAIRYMEN DO NOT "HAVE IT MADE." / HOWEVER, BY GAINING CONTROL TO AN IMPORTANT DEGREE OF THE PRICE AT WHICH YOU SELL YOUR PRODUCT YOU HAVE TAKEN A GIANT STEP FORWARD THAT FARMERS IN OTHER AREAS OF AGRICULTURE ENVY.

I SUSPECT THAT MOST OF YOU CAN REMEMBER THE '60s WHEN PRODUCERS WERE GIVING UP THE DAIRY BUSINESS BY THE THOUSANDS BECAUSE THERE WAS NO WAY THAT INPUT AND OUTPUT COULD BE MATCHED. THAT TREND HAS BEEN REVERSED. IN FACT, PRODUCTION HAS BEEN MOVING UP UNTIL THE PRESENT TIME. IN THE FIRST SIX MONTHS OF THIS YEAR THERE WERE A BILLION POUNDS

MORE OF MILK USED IN MANUFACTURING THAN
IN 1970.

THAT MEANS THAT ANOTHER WORRY
REARS ITS HEAD TO PLAGUE DAIRYMEN. WITH
PRODUCTION SLOWLY INCREASING BEYOND
NORMAL CONSUMPTION, WHAT IS YOUR NEXT STEP
AS AN INDUSTRY? INDIVIDUAL PRODUCERS
CANNOT SOLVE THIS PROBLEM ANY MORE THAN
YOU COULD BEFORE CLOSELY TIED
ASSOCIATIONS AND MARKETING AGREEMENTS
WERE DEVELOPED.

THE DEPARTMENT OF AGRICULTURE
IS DOING MUCH TO ASSIST MILK PRODUCERS,
RANGING FROM CUTTING BACK IMPORTS TO
PURCHASES OF BUTTER, DRY MILK AND CHEESE.

IMPORTS WERE 20 PER CENT LESS
FOR THE FIRST SIX MONTHS OF THIS YEAR THAN
A YEAR AGO, AND USDA NOW HAS ANOTHER
CONTROL PROGRAM UNDER WAY FOLLOWING

INVESTIGATION BY THE TARIFF COMMISSION OF CERTAIN IMPORTED CHEESES AND SUBSTITUTES WHICH SELL FOR 47 CENTS PER POUND OR MORE. THE TARIFF COMMISSION AGREED THAT THESE IMPORTS HAVE INTERFERED WITH MILK PRICE-SUPPORT PROGRAMS OF USDA. THIS MEANS THAT RESTRICTIONS ON THIS CLASS OF IMPORTS WILL BE IMPOSED ON A COMPARABLE BASIS WITH OTHER CLASSES NOW UNDER QUOTA.

YOU WILL RECALL THAT EARLIER THIS YEAR, QUOTAS WERE ESTABLISHED ON IMPORTS THAT BROUGHT THEM MORE IN LINE WITH NEEDS OF OUR CONSUMERS, INCLUDING A CUT-BACK ON ICE CREAM BY 95 PER CENT.

IN GOING THROUGH A STACK OF INFORMATION ON CURRENT DAIRY CONDITIONS, I TABULATED 17 DIFFERENT AREAS WHERE USDA IS PROVIDING ASSISTANCE FOR DAIRYMEN, AND THAT DOES NOT INCLUDE A MAJOR RESEARCH

EFFORT BY THE AGRICULTURAL RESEARCH SERVICE THAT COULD GROW INTO ONE OF THE MOST IMPORTANT DEVELOPMENTS OF THE '70s.

I THINK THAT MOST OF YOU WILL CONCEDE THAT MARKETING OF BUTTER HAS CONTINUED AS A STICKY PROBLEM, WHICH HAS REQUIRED HUGE PURCHASES BY COMMODITY CREDIT CORPORATION ^{various} AT TIMES.

WE ARE APPARENTLY ENTERING ONE OF THOSE PERIODS NOW WHEN CCC WILL ACQUIRE GROWING SURPLUSES OF BUTTER. USE OF THESE SURPLUSES FOR OUR SCHOOL LUNCHES AND FOR DISTRIBUTION TO THE POOR HAVE OFTEN FAILED TO LOWER CCC STOCKS TO A MANAGEABLE LEVEL. OF LATE, WE HAVE STARTED A SUBSIDY PROGRAM OF BUTTER SHIPMENTS TO THE UNITED KINGDOM AT A PRICE OF 50 CENTS PER POUND.

LOW-COST COMPETITIVE PRODUCTS HAVE HEAVILY ERODED THE BUTTER MARKET AND



CREATED A WORRISOME POSITION FOR THE ENTIRE DAIRY INDUSTRY. IT THEREFORE APPEARED OBVIOUS THAT A DAIRY INNOVATION ~~WOULD HAVE~~ ^{might} ~~TO~~ ^{challenge} ~~REPLACE~~ BUTTER IN THE MARKET PLACE.

AT THAT POINT USDA'S AGRICULTURAL RESEARCH TEAMS WENT TO WORK. THEY CAME UP WITH AN ECONOMICAL MEANS OF PRODUCING AND MARKETING NONFAT DRY MILK, BUT SURPLUS BUTTERFAT REMAINED IN THE PIPELINE AS BEFORE.

AS YOU UNDOUBTEDLY HAVE READ IN YOUR DAIRY PUBLICATIONS AND ASSOCIATION NEWSLETTERS, ARS HAS NOW DEVELOPED A FOAM-DRIED WHOLE MILK THAT COULD REVERSE ALL OUR THINKING ABOUT SURPLUSES. I CANNOT PREDICT THE FUTURE USE OF THIS PRODUCT, BUT IT BOGGLES THE MIND TO THINK HOW MUCH BUTTERFAT COULD BE PULLED FROM

BUTTER PRODUCTION IF A GOOD PORTION OF
THE NON-FAT DRIED MILK MARKET COULD BE
SHIFTED TO THIS NEW PRODUCT.

THE GOVERNMENT, THROUGH ITS CCC PURCHASES, IS BUYING FAR GREATER QUANTITIES OF NON-FAT DRY MILK THAN BUTTER AND CHEESE COMBINED. THESE PURCHASES ARE INCREASING YEAR BY YEAR, WHICH SHOULD GIVE DAIRYMEN SOME SECOND THOUGHTS ABOUT ASSIGNING PRIORITIES UNDER THEIR NEW MARKET PROMOTION EFFORTS.

IN THE MARKETING YEAR 1969-70, CCC PURCHASED A TOTAL MILK EQUIVALENT IN DAIRY PRODUCTS OF 4.1 BILLION POUNDS. THIS MARKETING YEAR OF 1970-71 THE AGENCY BOUGHT 7 BILLION POUNDS. THAT IS A 67 PER CENT INCREASE. AND THE BUYING SEEMS TO BE ESCALATING.

I THINK IT IS QUITE SOLIDLY DETERMINED THAT EXCESSIVE SURPLUSES, EVEN THOUGH IN A POSITION TEMPORARILY OFF THE MARKET, TEND TO ADVERSELY INFLUENCE THE FREE MARKET IN VARYING DEGREES.

I AM NOT AN EXPERT ON PRODUCT MARKETING. BUT I AM FULLY CONVINCED THAT THE DAIRY INDUSTRY, BECAUSE IT WAS FORCED INTO EFFECTIVE MARKETING PROGRAMS EARLIER THAN MOST COMMODITY GROUPS, IS IN A POSITION TO WEATHER ^{such problems} ~~THE~~ ECONOMIC STORMS OF THE '70s.

YOUR NEW MARKETING PROMOTION PROGRAM, IMPLEMENTED AFTER THE SIGNING OF LEGISLATION BY PRESIDENT NIXON IN JANUARY, IS A BIG PLUS IN THE DAIRYMEN'S FAVOR.

I ONLY WISH THAT ALL OTHER FARM COMMODITIES WERE AS FAR ALONG IN MEETING INCOME NEEDS TO SURVIVE THE FINAL DECADES

OF THIS CENTURY. HOWEVER, I NOTE WITH
CONSIDERABLE SATISFACTION THAT THE DRIVE
BY AGRICULTURAL PRODUCER GROUPS IN THE
FIELD OF BARGAINING AND MARKETING IS
ACCELERATING. ANNOUNCEMENT OF A LETTUCE
MARKETING ORDER FOR THE SOUTHWESTERN
PORTION OF THE UNITED STATES IS ONE OF THE
MOST RECENT INVOLVING A COMMODITY WHICH
HAS HAD ROUGH GOING FOR VARIOUS REASONS
IN RECENT YEARS.

HEARINGS WILL START THIS MONTH
IN THE HOUSE COMMITTEE ON AGRICULTURE
AND POSSIBLY IN THE SENATE ON A BILL WHICH
IS DESIGNED TO GIVE FARMERS MORE
BARGAINING POWER THAN EVER BEFORE IN
HISTORY. IT HAS THE APPROVAL OF SUCH
WIDELY SEPARATED FARM ORGANIZATIONS AS THE
FARMERS UNION AND THE FARM BUREAU. IN
PRINCIPLE IT HAS THE BACKING OF MANY

CONGRESSMEN AND SENATORS, AND THE U.S.
DEPARTMENT OF AGRICULTURE. SOME
AMENDMENTS MAY BE OFFERED AS IT
PROGRESSES THROUGH THE CONGRESS. BUT, IF
ITS BASIC PRINCIPLE IS PRESERVED AND
IMPLEMENTED BY COMMODITY GROUPS, AMERICA'S
AGRICULTURAL INDUSTRY CAN ACHIEVE AN
ECONOMIC POSITION FOR OUR FAMILY FARM
SYSTEM COMPARABLE TO THAT WHICH LABOR AND
INDUSTRY NOW HOLDS.

~~NOW THAT I HAVE REVEALED ABOUT
ALL THE AGRICULTURAL EXPERTISE I CAN
MUSTER WITHOUT RETURNING TO THE DRAWING
BOARD, MY PART OF THIS PROGRAM MIGHT WELL
CONCLUDE WITH A BRIEF DISCOURSE ON
ECONOMICS/ GENERALLY AFFECTING YOUR
INDUSTRY AND THAT OF ALL FARMERS.~~

AGRICULTURE, PERHAPS MORE THAN
ANY OTHER INDUSTRY TO THIS POINT, HAS BEEN

VULNERABLE TO THE RAPID CHANGES TAKING PLACE IN THE NATION'S ECONOMIC AND SOCIAL LIFE.

MOST OF THE LARGER NON-FARM COMPANIES HAVE DIVERSIFIED SO THAT INCOME CAN BE EQUALIZED BETWEEN LOSSES IN SOME DIVISIONS AGAINST GAINS IN OTHERS. FARMING, MADE UP OF THREE MILLION SEPARATE OPERATORS, HAS HAD LITTLE OPPORTUNITY TO HEDGE SUFFICIENTLY IN THIS FASHION.

TRUE, MOST FARMERS DO PRODUCE THREE OR FOUR DIFFERENT TYPES OF COMMODITIES, OFFERING SOME CHANCE TO BALANCE POOR PRICES FOR ONE OR TWO AGAINST BREAK-EVEN PRICES FOR ANOTHER. BUT THE MARGIN, EVEN ON THE UP MARKETS, IS SO LOW ON MOST PRODUCTS IN TODAY'S COMPETITIVE SITUATION THAT LITTLE OR NO RETURN ON INVESTMENT IS POSSIBLE.

AS MANY EXPERTS HAVE SAID, "THERE IS NOTHING WRONG WITH FARMING THAT HIGHER PRICES AT THE MARKET WON'T CORRECT." THAT'S PRESUMING, OF COURSE, THAT WE CAN PREVENT INFLATION FROM LEAPING UNCONTROLLABLY AHEAD SO THAT THE PRICING FACTOR DOESN'T LAG DISASTROUSLY.

WE HAVE SEEN HIGHER PRICES EACH YEAR AT THE RETAIL LEVEL, BUT GENERALLY SPEAKING PRICES AT THE FARM ON MOST COMMODITIES HAVE REMAINED AT OR NEAR THOSE OF A DECADE OR EVEN A GENERATION AGO. DURING THE SAME PERIOD PRODUCTION COSTS HAVE AT LEAST DOUBLED.

CONGRESS HAS ANSWERED, OR IS IN THE PROCESS OF ANSWERING, THE DEMAND FOR MORE FARM CREDIT. BUT THOSE OF YOU WHO HAVE BEEN FORCED TO BORROW MORE AND MORE TO REMAIN AFLOAT KNOW THAT ALL THE CREDIT

IN THE WORLD WILL NOT GUARANTEE SUCCESS.
ALONG WITH MANAGEMENT, EQUAL
CONSIDERATION MUST BE GIVEN TO THE NEED
FOR A FAIR PRICE AT THE MARKET PLACE
WHEN THE CROP OR COMMODITY IS SOLD.

THE INDIVIDUAL OPERATOR HAS
LITTLE CHANCE TO DETERMINE WHAT HE WILL
RECEIVE FOR HIS PRODUCT, EXCEPT BY
BANDING TOGETHER WITH OTHERS IN
MARKETING ORDERS OR AN ASSOCIATION FOR
EFFECTIVE BARGAINING.

TODAY, SCARCELY A MONTH GOES BY
BUT WHAT WE IN CONGRESS ARE ASKED TO HOLD
HEARINGS ON BILLS WHICH WILL PERMIT
PRODUCERS TO BETTER PROMOTE AND MARKET
THEIR INDIVIDUALLY FAVORITE COMMODITY.
CONGRESS APPEARS READY AND WILLING TO
GIVE EVERY ASSISTANCE OF THIS KIND, WHERE
THERE IS ASSURANCE THAT SELF-HELP IS THE

ANSWER TO THE FARMER'S PROBLEM. IT IS IN THE
DIRECT SUPPORT AREA WHERE OPPOSITION HAS
BEEN DEVELOPING IN RECENT YEARS.

ALL OF THIS ADDS UP TO ONE
INCONTROVERTIBLE FACT: THIS DECADE
CANNOT BE ONE OF "STATUS QUO" FOR ANY OF
US. RATHER IT IS A SEVERE CHALLENGE
DEMANDING SEVERE CHANGE. THE '70s WILL
REQUIRE A LEADERSHIP THAT USES THE PAST
ONLY AS A REFERENCE POINT, AND NOT AS A
PATTERN FOR THE FUTURE OF AGRICULTURE.

IT APPEARS ABUNDANTLY CLEAR THAT
FARMING IN THE '70s WILL BE GUIDED BY THE
ECONOMIC LAWS OF THE MARKET PLACE.

ADEQUATE NET INCOME WILL BE BASED EQUALLY
ON THE CLOUT YOU WIELD IN THE SALES ARENA
AND UPON YOUR OWN PRODUCTION SKILLS.

EMOTIONAL RATIONALIZATION MUST NECESSARILY
BE DISCARDED FOR REALITY, ALTHOUGH I AM

SURE THAT IT WILL CONTINUE TO CROP UP IN THE POLITICAL ARENA.

WE ARE TOLD REPEATEDLY THAT THE KEY IS "INTEGRATED MARKETING." I SUBMIT THAT NOT ONLY MUST MARKETING BE INTEGRATED, BUT THERE ALSO MUST BE A SHARING OF COSTLY EQUIPMENT AND OTHER FACILITIES WHICH CANNOT BE AFFORDED BY INDIVIDUAL OPERATORS FOR USE A FEW DAYS OR A FEW WEEKS OUT OF THE YEAR.

PERHAPS SOME OF YOU READ A RECENT ARTICLE RECOUNTING THE FARM AUCTIONS TAKING PLACE IN MAINE WHERE MORE AND MORE POTATO GROWERS ARE DROPPING OUT. THIS IS NOT A PHENOMENA OF THE NEW ENGLAND STATES, BUT THE LIST OF MACHINERY OWNED BY EACH FARMER WAS PHENOMENAL. I DO NOT HAVE ANY IDEA WHAT THE PRICE TAG MIGHT BE ON ALL THE EQUIPMENT LISTED FOR AUCTION ON EACH

FARM, BUT I AM ALMOST CERTAIN OF ONE THING -- THE INVESTMENT WAS TOO HIGH FOR THE POTENTIAL INCOME.

IN SOME AREAS FARMERS HAVE LEARNED THAT COMPLETE INDEPENDENCE IS TOO HIGH A PRICE TO PAY WHEN IT MUST BE EVENTUALLY RECKONED IN LIQUIDATION OF THE REMAINING ASSETS. GIVING UP A MEASURE OF INDEPENDENCE AT THE INVESTMENT AND MARKETING LEVELS NEED NOT CREATE A CLIMATE FOR LOSS OF PRIVATE INITIATIVE IN THE PRODUCTIVE PHASE. RATHER, IT SEEMS TO ME, DELEGATING AUTHORITY FOR MARKETING TO EXPERTS WITH SUFFICIENT QUANTITY OF A COMMODITY TO BARGAIN OFFENSIVELY, AND SHARING OF CERTAIN COSTLY AND OCCASIONALLY USED EQUIPMENT, WOULD PROVIDE MORE TIME AND THOUGHT TO SUPPLY THE DEMAND FOR PRODUCTION OF QUALITY PRODUCTS.

IT SEEMS TO ME THAT THE REALLY
SUCCESSFUL OPERATIONS I HAVE OBSERVED
IN RECENT YEARS ARE A PART OF
PRODUCTION-THROUGH-MARKETING PROGRAMS
WHICH STRESS GREATER INTERDEPENDENCE AMONG
THOSE WHO PRODUCE, PROCESS AND RETAIL.
IN OTHER WORDS, EACH SEGMENT WORKS WITH
THE OTHER TO ACHIEVE THE DESIRED END
RESULT INSTEAD OF DISSIPATING OPPORTUNITY
FOR PROFIT BY BLAMING OTHERS FOR PROBLEMS
WHICH CAN ONLY BE SOLVED BY COOPERATION.

~~WHETHER~~ THESE IDEAS CAN BEST BE
IMPLEMENTED THROUGH COOPERATIVES ^{or} ~~OR BY~~
admittedly other groupings can be put together.
~~GROUPS OF FARMERS WORKING THROUGH PRIVATE~~
~~FIRMS MUST BE DECIDED BY PRODUCERS OF EACH~~
~~COMMODITY.~~ IT ALL ADDS UP TO A NEED FOR
TOTAL COORDINATION AND COOPERATION.

AT THE SAME TIME THAT THIS
CONCEPT IS OPERATING TO PRODUCE THE

ULTIMATE SATISFACTORY PRICE AT THE MARKET PLACE, THOSE INVOLVED ALSO GAIN MORE CLOUT IN LEGISLATIVE HALLS. FAIR TREATMENT MUST BE OBTAINED IN COMPETITIVE PRACTICES, WHETHER WITHIN DOMESTIC GOVERNMENT OR IN INTERNATIONAL TRADE.

TO ASSURE FAMILY FARMS OF THIS COUNTRY A CHANCE FOR SUCCESS, THERE OBVIOUSLY MUST BE A POSITIVE MEANS OF OBTAINING A FAIR PRICE FOR THE END PRODUCT. WE HAVE FAILED MISERABLY IN THE PAST BY HANGING ONTO OLD PRACTICES THAT WERE SOMETHING LESS THAN LOGICAL. THERE IS ONLY ONE PLACE WHERE ADEQUATE INCOME CAN BE OBTAINED -- THE MARKET.

I AM ENCOURAGED BY THE FACT THAT THE CURRENT GENERATION OF FARMERS IS BECOMING KEENLY AWARE OF THE MAJOR PROBLEM AND ARE MOVING MORE RAPIDLY IN

THE DIRECTION NECESSARY TO

CONTINUE THE EFFICIENT FAMILY FARM IN
BUSINESS. ONLY BY THIS MEANS CAN WE HELP
PREPARE THE FUTURE FOR TAKEOVER BY ANOTHER
GENERATION OF AMERICAN FARMERS PRODUCING
THE FINEST FOOD IN ALL THE WORLD AT THE
LOWEST COMPARABLE PRICE FOR OUR CONSUMERS.

--END--

Stand - Up for America - Copand R.N.
theme.

Distribution: 20 copies of Mr. Ford

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REMARKS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U.S. HOUSE OF REPRESENTATIVES
BEFORE THE NATIONAL FEDERATION OF MILK PRODUCERS

AT CHICAGO, ILLINOIS
SEPTEMBER 4, 1971

For Release in PM's of Saturday, Sept. 4.

It is an exhilarating experience in an era of serious price-cost problems to meet with a group that has acted so capably in handling one of the grave problems facing other groups in agriculture--that of marketing.

As you well know, dairymen do not "have it made." However, by gaining control to an important degree of the price at which you sell your product you have taken a giant step forward that farmers in other areas of agriculture envy.

I suspect that most of you can remember the '60s when producers were giving up the dairy business by the thousands because there was no way that input and output could be matched. That trend has been reversed. In fact, production has been moving up until the present time. In the first six months of this year there were a billion pounds more of milk used in manufacturing than in 1970.

That means that another worry rears its head to plague dairymen. With production slowly increasing beyond normal consumption, what is your next step as an industry? Individual producers cannot solve this problem any more than you could before closely tied associations and marketing agreements were developed.

The Department of Agriculture is doing much to assist milk producers, ranging from cutting back imports to purchases of butter, dry milk and cheese.

Imports were 20 per cent less for the first six months of this year than a year ago, and USDA now has another control program under way following investigation by the Tariff Commission of certain imported cheeses and substitutes which sell for 47 cents per pound or more. The Tariff Commission agreed that these imports have interfered with milk price-support programs of USDA. This means that restrictions of this class of imports will be imposed on a comparable basis with other classes now under quota.

You will recall that earlier this year, quotas were established on imports that brought them more in line with needs of our consumers, including a cut-back on ice cream by 95 per cent.

(more)



In going through a stack of information on current dairy conditions, I tabulated 17 different areas where USDA is providing assistance for dairymen, and that does not include a major research effort by the Agricultural Research Service that could grow into one of the most important developments of the '70s.

I think that most of you will concede that marketing of butter has continued as a sticky problem, which has required huge purchases by Commodity Credit Corporation at times.

We are apparently entering one of those periods now when CCC will acquire growing surpluses of butter. Use of these surpluses for our school lunches and for distribution to the poor have often failed to lower CCC stocks to a manageable level. Of late, we have started a subsidy program of butter shipments to the United Kingdom at a price of 50 cents per pounds.

Low-cost competitive products have heavily eroded the butter market and created a worrisome position for the entire dairy industry. It therefore appeared obvious that a dairy innovation would have to eventually replace butter in the market place.

At that point USDA's Agricultural Research teams went to work. They came up with an economical means of producing and marketing nonfat dry milk, but surplus butterfat remained in the pipeline as before.

As you undoubtedly have read in your dairy publications and association newsletters, ARS has now developed a foam-dried whole milk that could reverse all our thinking about surpluses. I cannot predict the future use of this product, but it boggles the mind to think how much butterfat could be pulled from butter production if a good portion of the non-fat dried milk market could be shifted to this new product.

The Government, through its CCC purchases, is buying far greater quantities of non-fat dry milk than butter and cheese combined. These purchases are increasing year by year, which should give dairymen some second thoughts about assigning priorities under their new market promotion efforts.

In the marketing year 1969-70, CCC purchased a total milk equivalent in dairy products of 4.1 billion pounds. This marketing year of 1970-71 the agency bought 7 billion pounds. This is a 67 per cent increase. And the buying seems to be escalating.

I think it is quite solidly determined that excessive surpluses, even though in a position temporarily off the market, tend to adversely influence the free market in varying degrees.

(more)

I am not an expert on product marketing. But I am fully convinced that the dairy industry, because it was forced into effective marketing programs earlier than most commodity groups, is in a position to weather the economic storms of the '70s.

Your new marketing promotion program, implemented after the signing of legislation by President Nixon in January, is a big plus in the dairymen's favor.

I only wish that all other farm commodities were as far along in meeting income needs to survive the final decades of this century. However, I note with considerable satisfaction that the drive by agricultural producer groups in the field of bargaining and marketing is accelerating. Announcement of a lettuce marketing order for the southwestern portion of the United States is one of the most recent involving a commodity which has had rough going for various reasons in recent years.

Hearings will start this month in the House Committee on Agriculture and possibly in the Senate on a bill which is designed to give farmers more bargaining power than ever before in history. It has the approval of such widely separated farm organizations as the Farmers Union and the Farm Bureau. In principle it has the backing of many Congressmen and Senators, and the U.S. Department of Agriculture. Some amendments may be offered as it progresses through the Congress. But, if its basic principle is preserved and implemented by commodity groups, America's agricultural industry can achieve an economic position for our family farm system comparable to that which labor and industry now hold.

Now that I have revealed about all the agricultural expertise I can muster without returning to the drawing board, my part of this program might well conclude with a brief discourse on economics generally affecting your industry and that of all farmers.

Agriculture, perhaps more than any other industry to this point, has been vulnerable to the rapid changes taking place in the nation's economic and social life.

Most of the larger non-farm companies have diversified so that income can be equalized between losses in some divisions against gains in others. Farming, made up of three million separate operators, has had little opportunity to hedge sufficiently in this fashion.

True, most farmers do produce three or four different types of commodities, offering some chance to balance poor prices for one or two against break-even

(more)

prices for another. But the margin, even on the up markets, is so low on most products in today's competitive situation that little or no return on investment is possible.

As many experts have said, "There is nothing wrong with farming that higher prices at the market won't correct." That's presuming, of course, that we can prevent inflation from leaping uncontrollably ahead so that the pricing factor doesn't lag disastrously.

We have seen higher prices each year at the retail level, but generally speaking prices at the farm on most commodities have remained at or near those of a decade or even a generation ago. During the same period production costs have at least doubled.

Congress has answered, or is in the process of answering, the demand for more farm credit. But those of you who have been forced to borrow more and more to remain afloat know that all the credit in the world will not guarantee success. Along with management, equal consideration must be given to the need for a fair price at the market place when the crop or commodity is sold.

The individual operator has little chance to determine what he will receive for his product, except by banding together with others in marketing orders or an association for effective bargaining.


Today, scarcely a month goes by but what we in Congress are asked to hold hearings on bills which will permit producers to better promote and market their individually favorite commodity. Congress appears ready and willing to give every assistance of this kind, where there is assurance that self-help is the answer to the farmer's problem. It is in the direct support area where opposition has been developing in recent years.

All of this adds up to one incontrovertible fact: This decade cannot be one of "status quo" for any of us. Rather it is a severe challenge demanding severe change. The '70s will require a leadership that uses the past only as a reference point, and not as a pattern for the future of agriculture.

It appears abundantly clear that farming in the '70s will be guided by the economic laws of the market place. Adequate net income will be based equally on the clout you wield in the sales arena and upon your own production skills. Emotional rationalization must necessarily be discarded for reality, although I am sure that it will continue to crop up in the political arena.

We are told repeatedly that the key is "integrated marketing." I submit that

(more)



not only must marketing be integrated, but there also must be a sharing of costly equipment and other facilities which cannot be afforded by individual operators for use a few days or a few weeks out of the year.

Perhaps some of you read a recent article recounting the farm auctions taking place in Maine where more and more potato growers are dropping out. This is not a phenomena of the New England states, but the list of machinery owned by each farmer was phenomenal. I do not have any idea what the price tag might be on all the equipment listed for auction on each farm, but I am almost certain of one thing--the investment was too high for the potential income.

In some areas farmers have learned that complete independence is too high a price to pay when it must be eventually reckoned in liquidation of the remaining assets. Giving up a measure of independence at the investment and marketing levels need not create a climate for loss of private initiative in the productive phase. Rather, it seems to me, delegating authority for marketing to experts with sufficient quantity of a commodity to bargain offensively, and sharing of certain costly and occasionally used equipment, would provide more time and thought to supply and demand for production of quality products.

It seems to me that the really successful operations I have observed in recent years are a part of production-through-marketing programs which stress greater interdependence among those who produce, process and retail. In other words, each segment works with the other to achieve the desired end result instead of dissipating opportunity for profit by blaming others for problems which can only be solved by cooperation.

Whether these ideas can best be implemented through cooperatives or by groups of farmers working through private firms must be decided by producers of each commodity. It all adds up to a need for total coordination and cooperation.

At the same time that this concept is operating to produce the ultimate satisfactory price at the market place, those involved also gain more clout in legislative halls. Fair treatment must be obtained in competitive practices, whether within domestic government or in international trade.

To assure family farms of this country a chance for success, there obviously must be a positive means of obtaining a fair price for the end product. We have failed miserably in the past by hanging onto old practices that were something less than logical. There is only one place where adequate income can be obtained--the market.

(more)

I am encouraged by the fact that the current generation of farmers is becoming keenly aware of the major problem and are moving more rapidly in the direction necessary to continue the efficient family farm in business. Only by this means can we help prepare the future for takeover by another generation of American farmers producing the finest food in all the world at the lowest comparable price for our consumers.

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I suspect that most of you can remember the '60s when producers were giving up the dairy business by the thousands because there was no way that input and output could be matched. That trend has been reversed. In fact, production has been moving up until the present time. In the first six months of this year there were a billion pounds more of milk used in manufacturing than in 1970.

That means that another worry rears its head to plague dairymen. With production slowly increasing beyond normal consumption, what is your next step as an industry? Individual producers cannot solve this problem any more than you could before closely tied associations and marketing agreements were developed.

The Department of Agriculture is doing much to assist milk producers, ranging from cutting back imports to purchases of butter, dry milk and cheese.

Imports were 20 per cent less for the first six months of this year than a year ago, and USDA now has another control program under way following investigation by the Tariff Commission of certain imported cheeses and substitutes which sell for 47 cents per pound or more. The Tariff Commission agreed that these imports have interfered with milk price-support programs of USDA. This means that restrictions of this class of imports will be imposed on a comparable basis with other classes now under quota.

You will recall that earlier this year, quotas were established on imports that brought them more in line with needs of our consumers, including a cut-back on ice cream by 95 per cent.

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In going through a stack of information on current dairy conditions, I tabulated 17 different areas where USDA is providing assistance for dairymen, and that does not include a major research effort by the Agricultural Research Service that could grow into one of the most important developments of the '70s.

I think that most of you will concede that marketing of butter has continued as a sticky problem, which has required huge purchases by Commodity Credit Corporation at times.

We are apparently entering one of those periods now when CCC will acquire growing surpluses of butter. Use of these surpluses for our school lunches and for distribution to the poor have often failed to lower CCC stocks to a manageable level. Of late, we have started a subsidy program of butter shipments to the United Kingdom at a price of 50 cents per pounds.

Low-cost competitive products have heavily eroded the butter market and created a worrisome position for the entire dairy industry. It therefore appeared obvious that a dairy innovation would have to eventually replace butter in the market place.

At that point USDA's Agricultural Research teams went to work. They came up with an economical means of producing and marketing nonfat dry milk, but surplus butterfat remained in the pipeline as before.

As you undoubtedly have read in your dairy publications and association newsletters, ARS has now developed a foam-dried whole milk that could reverse all our thinking about surpluses. I cannot predict the future use of this product, but it boggles the mind to think how much butterfat could be pulled from butter production if a good portion of the non-fat dried milk market could be shifted to this new product.

The Government, through its CCC purchases, is buying far greater quantities of non-fat dry milk than butter and cheese combined. These purchases are increasing year by year, which should give dairymen some second thoughts about assigning priorities under their new market promotion efforts.

In the marketing year 1969-70, CCC purchased a total milk equivalent in dairy products of 4.1 billion pounds. This marketing year of 1970-71 the agency bought 7 billion pounds. This is a 67 per cent increase. And the buying seems to be escalating.

I think it is quite solidly determined that excessive surpluses, even though in a position temporarily off the market, tend to adversely influence the free market in varying degrees.

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I am not an expert on product marketing. But I am fully convinced that the dairy industry, because it was forced into effective marketing programs earlier than most commodity groups, is in a position to weather the economic storms of the '70s.

Your new marketing promotion program, implemented after the signing of legislation by President Nixon in January, is a big plus in the dairymen's favor.

I only wish that all other farm commodities were as far along in meeting income needs to survive the final decades of this century. However, I note with considerable satisfaction that the drive by agricultural producer groups in the field of bargaining and marketing is accelerating. Announcement of a lettuce marketing order for the southwestern portion of the United States is one of the most recent involving a commodity which has had rough going for various reasons in recent years.

Hearings will start this month in the House Committee on Agriculture and possibly in the Senate on a bill which is designed to give farmers more bargaining power than ever before in history. It has the approval of such widely separated farm organizations as the Farmers Union and the Farm Bureau. In principle it has the backing of many Congressmen and Senators, and the U.S. Department of Agriculture. Some amendments may be offered as it progresses through the Congress. But, if its basic principle is preserved and implemented by commodity groups, America's agricultural industry can achieve an economic position for our family farm system comparable to that which labor and industry now hold.

Now that I have revealed about all the agricultural expertise I can muster without returning to the drawing board, my part of this program might well conclude with a brief discourse on economics generally affecting your industry and that of all farmers.

Agriculture, perhaps more than any other industry to this point, has been vulnerable to the rapid changes taking place in the nation's economic and social life.

Most of the larger non-farm companies have diversified so that income can be equalized between losses in some divisions against gains in others. Farming, made up of three million separate operators, has had little opportunity to hedge sufficiently in this fashion.

True, most farmers do produce three or four different types of commodities, offering some chance to balance poor prices for one or two against break-even

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prices for another. But the margin, even on the up markets, is so low on most products in today's competitive situation that little or no return on investment is possible.

As many experts have said, "There is nothing wrong with farming that higher prices at the market won't correct." That's presuming, of course, that we can prevent inflation from leaping uncontrollably ahead so that the pricing factor doesn't lag disastrously.

We have seen higher prices each year at the retail level, but generally speaking prices at the farm on most commodities have remained at or near those of a decade or even a generation ago. During the same period production costs have at least doubled.

Congress has answered, or is in the process of answering, the demand for more farm credit. But those of you who have been forced to borrow more and more to remain afloat know that all the credit in the world will not guarantee success. Along with management, equal consideration must be given to the need for a fair price at the market place when the crop or commodity is sold.

The individual operator has little chance to determine what he will receive for his product, except by banding together with others in marketing orders or an association for effective bargaining.

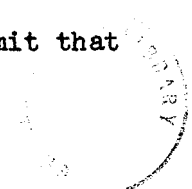
Today, scarcely a month goes by but what we in Congress are asked to hold hearings on bills which will permit producers to better promote and market their individually favorite commodity. Congress appears ready and willing to give every assistance of this kind, where there is assurance that self-help is the answer to the farmer's problem. It is in the direct support area where opposition has been developing in recent years.

All of this adds up to one incontrovertible fact: This decade cannot be one of "status quo" for any of us. Rather it is a severe challenge demanding severe change. The '70s will require a leadership that uses the past only as a reference point, and not as a pattern for the future of agriculture.

It appears abundantly clear that farming in the '70s will be guided by the economic laws of the market place. Adequate net income will be based equally on the clout you wield in the sales arena and upon your own production skills. Emotional rationalization must necessarily be discarded for reality, although I am sure that it will continue to crop up in the political arena.

We are told repeatedly that the key is "integrated marketing." I submit that

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not only must marketing be integrated, but there also must be a sharing of costly equipment and other facilities which cannot be afforded by individual operators for use a few days or a few weeks out of the year.

Perhaps some of you read a recent article recounting the farm auctions taking place in Maine where more and more potato growers are dropping out. This is not a phenomena of the New England states, but the list of machinery owned by each farmer was phenomenal. I do not have any idea what the price tag might be on all the equipment listed for auction on each farm, but I am almost certain of one thing-- the investment was too high for the potential income.

In some areas farmers have learned that complete independence is too high a price to pay when it must be eventually reckoned in liquidation of the remaining assets. Giving up a measure of independence at the investment and marketing levels need not create a climate for loss of private initiative in the productive phase. Rather, it seems to me, delegating authority for marketing to experts with sufficient quantity of a commodity to bargain offensively, and sharing of certain costly and occasionally used equipment, would provide more time and thought to supply and demand for production of quality products.

It seems to me that the really successful operations I have observed in recent years are a part of production-through-marketing programs which stress greater interdependence among those who produce, process and retail. In other words, each segment works with the other to achieve the desired end result instead of dissipating opportunity for profit by blaming others for problems which can only be solved by cooperation.

Whether these ideas can best be implemented through cooperatives or by groups of farmers working through private firms must be decided by producers of each commodity. It all adds up to a need for total coordination and cooperation.

At the same time that this concept is operating to produce the ultimate satisfactory price at the market place, those involved also gain more clout in legislative halls. Fair treatment must be obtained in competitive practices, whether within domestic government or in international trade.

To assure family farms of this country a chance for success, there obviously must be a positive means of obtaining a fair price for the end product. We have failed miserably in the past by hanging onto old practices that were something less than logical. There is only one place where adequate income can be obtained--the market.

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I am encouraged by the fact that the current generation of farmers is becoming keenly aware of the major problem and are moving more rapidly in the direction necessary to continue the efficient family farm in business. Only by this means can we help prepare the future for takeover by another generation of American farmers producing the finest food in all the world at the lowest comparable price for our consumers.

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