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STATE OF MAINE  
102nd Legislature

PUBLIC HEARING  
INTERIM STUDY COMMITTEE

D A I R Y     I N D U S T R Y

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Public Hearing for milk producers held in Room 228,  
State House, Augusta, Maine, Friday, May 27, 1966,  
at 10 A.M.

Transcribed by  
Elizabeth F. Bartlett

30-18-74

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Dairy Study Committee  
State House, Augusta  
May 27, 1966

TRANSCRIPT OF HEARING

CHAIRMAN CARTER: This is the interim study committee created by the 102nd Legislature. First of all, I would like to introduce the committee members to you and some of the other officials connected with it.

On my left, of course, you all know Mr. Maynard Dolloff and Representative Arnold Jordan from Lincoln, Representative George Hunter from Durham, Senator Ralph Hilton from Somerset County and the Town of Anson, Senator Carlton Reed, Jr. from Woolwich and myself, Senator Carter from Kennebec County, and Representative Dana Childs from Portland, and Representative George Carroll from Limerick, and out front here we have Professor James R. Bowring from the University of New Hampshire who has been hired by the committee to assist the committee in its work and deliberation and, of course, you all know Mrs. Bartlett, secretary.

The purpose of this committee, as you are all aware, is to discuss the problems spelled out in the order, some of which are cost of production - the rising cost of production to the producer - the interpretations and applications of federal standards, labeling of Maine milk as a possibility, trucking rate variations from producer to

dairy plant, time lag in payment for milk delivered to dairy, or any other problems that affect the producer.

Now, we would like very much to hear from you if you have any of these problems and we would ask you to please step forward and use the mike in the front and also to state your name, the area you are from, and if you should represent any group other than yourself or speak for any particular group. Now we can start off. There's no particular order required on how we are going to approach these particular problems. Just feel free to come up and address the committee.

Am I to assume that all the dairy problems have been solved?

STEVEN SANDERS: My name is Steven Sanders and I am a Boston producer from the Skowhegan area and, of course, we all know we have problems but one of the biggest problems that I think that has hit Maine in the last two to three years has been the interpretations of these federal regulations, or so called federal regulations. They are not similar from state to state. They vary something - . If you go to Vermont, or over to New York - some of these people - . There are dairy farmers over there that have not even heard or that there is such a thing. Here in Maine, I do not know why we have a Department of Economic Development. They are spending hundreds of thousands of dollars a year

trying to get new industry into this State, and we have another branch of the state government and their interpretation of this new law is driving out one producer after another.

Now, our Maine dairyman is producing milk for Maine. He is in a better position than the 40% of the milk that's going to Boston because he gets a little bit more for his milk but he is not as important to me as the Boston producer, mainly for this reason. The Maine producer shifts around a dollar in Maine and it doesn't leave the State. It doesn't bring any money into the State but it just moves the dollar around between the pockets. Your group of Massachusetts producers, United Farmers or Hoods, or who be it - they are the ones that bring money into the State's coffer - no one else - and they are the ones that are getting the least money. Now this new federal regulation may be good, but they have not promised any more money for doing it and a lot of farmers - . Now last year we lost 11.5% of the dairymen shipping to Boston. Now that is a big amount for one year's time. Now what percent we can blame on this federal interpretation of this new sanitation code, I don't know. Maybe some of you gentlemen could venture a guess. Perhaps the committee could venture a guess, what percent. I'd say 50%, but that's rough. I don't know. I have no idea of

knowing. But I do believe that a big percent of the reasons why the State has lost 11.5% of its producers that were bringing money into the State - not shifting money around that's already in the State, but bringing money into the State, those we have lost - . Now, I think a big percent of that is the interpretation of those so-called federal - which they can't possibly be because where some areas haven't even heard of it. It seems to vary and if it is federal, it should be federal and if it is just state, it should be called state and not federal.

That's about all I have to say at this time. If there are any questions, I don't know if I can answer them or not but as long as I am up here - somebody had to start in.

CHAIRMAN CARTER: Mr. Sanders, could you give us a specific instance regarding these interpretations of these regulations?

MR. SANDERS: Well, yes. My milk room is painted very similar to this hearing room. It's dark green on the bottom and light green on the top. I think my light green is a little lighter. It did not pass. You go ahead and look around and tell me why. It doesn't say that it's suppose to be white, but they are getting the bottom of the barrel. Quality doesn't have anything to do, evidently, with this new federal - and they are going in without any - . A farmer

doesn't get - if he goes to this 100%, he gets no more money than he is getting at the present time. Mr. Johnson, when he went out two years ago, told the dairymen that if they didn't comply with the standard setup, they could get out of business. That's his exact words, from one place to another. That's what he said over to the University and that is what he said over in Oakland. I think that a good many have done just exactly that.

Now, if the State can afford to kick out a basic industry at 10 or 11 or 13% a year - and this year they are figuring 13 1/2%, this coming year - if the State can go ahead and kick out our basic industry of dairymen at that clip, well, this State must be pretty well off. There's no sense in having a Department of Economic Development and bringing new industry in if we are going to treat our existing basic industries the way that we're being treated right now.

CHAIRMAN CARTER: Thank you. I have one more question. Do you feel that the regulations are harsher for a producer that uses conventional barn rather than one that has a loose housing system?

MR. SANDERS: No, I don't. I think that it's solely the interpretation by the area. There are so many other areas



that are so far behind us and yet why - I mean, it would be wonderful if it were country wide. Perhaps it would be if we had an incentive to go and spend this additional money that they are asking us to spend on one thing or another, but they are not. We can either comply or we can get out of business. Now, the next question is, can we get out of business? In Canada it just came out in the paper here the other day - their milk is being supported by the government at more than our price is. It's right in my "Hoods Dairyman" sitting out in the car seat. Their milk right now, gentlemen, is bringing more than yours and mine in cans and we have gone to bulk tanks. In Quebec a year ago I was up there. I found an English-speaking dairyman. They could not afford to put in a can cooler to cool their milk. They were going to go out of business. I asked them where their milk went. It went to a cheese factory. I asked them their price of milk and within 2 cents they were getting for manufactured cheese what we are getting here wholeselling milk to Boston, and that doesn't take your differential between our dollar and a Canadian dollar. Somebody is way behind someplace. Thank you.

REPRESENTATIVE CARROLL: May I ask a question, sir? I understand that you say that your milk room is painted a certain

color.

MR. SANDERS: That's right.

REPRESENTATIVE CARROLL: Would you care to divulge at this time - are you running a consistently high bacteria count?

MR. SANDERS: No. I'm glad you brought that up. My milk can't be so terrible bad because I am the only one in the Skowhegan area who has three successive gold medal certificates hanging on my milkroom wall and I qualify for a fourth. But my milk is not, according to the State department or this new federal - it does not qualify for anything. But I am the only one in the Skowhegan area - not bragging but it is so - that has qualified for four gold, not silver, but gold certificates and, in other words, I have not had a bacteria count in four years - to earn that - over 50,000.

REPRESENTATIVE CARROLL: Would you care to tell me, sir, what it is costing you for hauling your milk?

MR. SANDERS: I have no beef there at all, sir. I pay 20 cents to have my milk hauled. It has gone up from 15 to 20 and that is very fair and there is no problem there at all.

REPRESENTATIVE CARROLL: You are paying 20 cents? How far is that milk being hauled?

MR. SANDERS: That milk is being hauled from Skowhegan to Waterville at the present time. We got a notice today that the plant in Waterville is being closed and it will be now

going to Newport for the same price. That came in this morning's mail.

REPRESENTATIVE CARROLL: Could you give me the mileage, sir?

MR. SANDERS: In miles? I would say that is about 17 - 18 - 18 1/2 to 19 miles. Right in there.

SENATOR HILTON: You spoke about an inspector named Johnson?

MR. SANDERS: Yes.

SENATOR HILTON: Is he a Maine or Massachusetts inspector?

MR. SANDERS: His new title is the new federal chief of the dairy inspection. He was head of the state one and now, I understand, it is federal.

SENATOR HILTON: Do you also have an inspection out of Massachusetts?

MR. SANDERS: Yes, and I will throw this in, gentlemen, for what it is worth. When he was here at my place last summer, the Boston milk inspector told me that he told Mr. Johnson that if he goes ahead with his interpretation of these federal standards at present rate, that Maine will be an importing state of milk instead of an exporting state within a matter of a few years. Now that was Paul Hurley's, Boston milk inspector, statement to me that he said that he told Mr. Johnson.

SENATOR REED: I think what you have said that the main problem, or main issue, you feel is interpretation. Is that right?

MR. SANDERS: I feel that is one of the big problems - not the only one but one of the big ones, yes.

SENATOR REED: In other words, the federal regulations, or federal laws, you feel are interpreted stricter in this area than they are in other areas. Is that correct?

MR. SANDERS: That is very, very correct. That's a fact.

SENATOR REED: How many areas are there throughout the country, do you know? What comprises an area? The State of Maine, or does it go beyond?

MR. SANDERS: I call the State of Maine an area, yes.

SENATOR REED: And does this Mr. Johnson have the State of Maine, or is his area go beyond the State of Maine?

MR. SANDERS: No, the State of Maine.

SENATOR REED: In other words, Vermont would be another area and there would be another inspector there?

MR. SANDERS: That is right.

SENATOR REED: Do you feel that other areas, such as the State of Massachusetts, the State of New Hampshire, the State of Vermont - their interpretations have been different than the State of Maine?

MR. SANDERS: I feel so, sir, and this is one reason why I feel that way. Maine was the leader of the number of producers that went out of business last year - not second

place, third place, fourth place, or fifth place. Now, why should we be the leaders? We didn't have the biggest influx of shopping centers or roads like Massachusetts did and Connecticut. They should be the ones who should be the top ones going out of business. Not the little State of Maine up here who is not so over-crowded as that yet.

SENATOR REED: Do you base your assumption on the percentage that has gone out of business in this State as compared to other areas?

MR. SANDERS: That's right.

SENATOR REED: Has there been any information exchanged between farmers, say in this State and other states, as far as interpretation of these regulations are concerned? Have you talked to farmers from these other states to see what their -?

MR. SANDERS: Yes, I have and two years ago my daughter was on a voyage exchange trip and she was over in the northern part of New York State. She took pictures in their milk room and in their dairy barn. They were selling whole milk at the time in cans and the conditions in that milk room were what we had 15, 16, 17, 18 years ago. That's what they had at this time and the gentleman that owned the farm where my daughter stayed, he had heard that there was such a thing as a federal inspector but he had seen none - had seen no literature - had seen nothing on it at all. I have

a neighbor whose daughter went to a neighboring farm. She did not come back with photographs but she came back with the same story because it was very much a forefront in our minds at the time. She came back with the very same story that my daughter did. Their milk was still going in cans. They had not seen an inspector but we sure had here in Maine.

REPRESENTATIVE CARROLL: As I understand it, you stand two inspections. You have a Maine inspector and then you have a Massachusetts inspector?

MR. SANDERS: Yes.

REPRESENTATIVE CARROLL: Do you feel as a dairy producer that it is necessary for two states to have two inspectors come into your milk room?

MR. SANDERS: No. It is too bad but I think, can the State afford the duplications? I mean, can we do - do we have this money in our coffers to go ahead and send dairy inspectors in Maine out to farms where their milk is going to Boston? I mean, if we can afford it, alright, but does Maine have that kind of money?

CHAIRMAN CARTER: Mr. Sanders, you spoke of inspections as being one of the problems. Could you explain some of the other problems you are faced with?

MR. SANDERS: I would say that it was a very big problem and the forefront problem. Something that we can have less to do about but perhaps we could do a little something about the other one. Our milk now is getting up to where it was sold back in 1948. I do not know how many people there are in the State who would like to go back to their salary in 1948 and try to meet today's expenses. Not too many. But it is coming out now that - oh boy, things in the dairy industry are looking good, and they are looking better than they have for years but where it is looking this good, it is beginning to look as good as it did in 1948 which was a long while ago. It will look better if enough producers keep on going out and the economics have driven a good part of that other percent. I mean, of the 11 1/2 that we lost last year, a good portion of that was lost by economics and a good portion was lost through the interpretation of the federal standards. Where you want to mix them up, gentlemen, I don't know.

I think I have had about enough time unless there are some more questions. There must be someone else that wants to get up here.

SENATOR HILTON: After this milk leaves your farm, you have no knowledge of where it goes to? It could come back here?

MR. SANDERS: That's right, sir, I have no knowledge.

REPRESENTATIVE CARROLL: What would you say your farm means to your community in local taxes?

MR. SANDERS: I would say quite a bit and perhaps you shouldn't have started me there. I'll tell you why. We have all heard - I know these gentlemen down there have heard - "what did the little farmer mean with ten or fifteen cows? Let him go out of business, he doesn't amount to anything." They've all heard that a good many times in the past and I've heard it a good many times in the past. But where are you going to stop? It was at the ten cow level, then it was the fifteen, then it was the twenty-five, now it is the thirty-five or forty cow level. He doesn't amount to anything any more. But does he? Ask your towns that get their taxation from these cattle that have gone out of business that no longer have these cattle to tax. Ask your veterinarians that do not have the farms up and down the road to stop at and make their living from that they had in the past. Ask your machinery and equipment dealers throughout the State that have gone out of business one after another if the little farmer amounted to anything. Ask the cattle dealer who drives now two or three hundred miles where he use to drive thirty to make a living. And



you could go on and on. Ask the grain salesman. Ask the grain companies, the ones that have fallen by the wayside, the ones that now are in operation had to turn to selling household appliances, garden tractors - you name it, they've got it - all kinds of plumbing, competing with the building trade to stay in business. I think those all have a real important bearing on the dairy farmers who have gone out of business, and I think that the more that are going to go out of business, the more it is going to be hard on all segments of the economy. I don't see where you can draw a line and say, "What does he amount to - he is just a little farmer with so many cows - anymore?"

Thank you for your time.

CHAIRMAN CARTER: Thank you, Mr. Sanders.

SUMNER JONES: Mr. Chairman, Commissioner of Agriculture, Committee members - my name is Sumner Jones. I live in Pittsfield and I am fieldman for the Maine Dairymen's Association. For twenty years I was a dairy farmer and sold milk on the Boston market and because it became more difficult each year for me to meet my obligations, I have a wife and a fair-size family, I found it necessary for me to try to do something else and that is the reason why I am not milking cows today - primarily because I could not stand the rising

costs, these inspections, these many other things that Mr. Sanders has mentioned.

We refer to rising costs. The Extension Service, the colleges, and many other folks tell the farmers they should become more efficient, should do a better job. I can tell you, gentlemen, that on this job it is my pleasure to meet and talk with many farmers all over the State and it is my observation that they appear to be, generally speaking, a discouraged group. This is bad. Getting back to the rising costs and getting more efficient. In my opinion, you can't compare the farmer with any other industry or any other individual as far as becoming more efficient. He already has increased his production per unit, per man, or any other way you want to figure it. He has accomplished this like no other industry has, and yet he ends up paying out more and taking in less, or having less to spend on his family. This, also, is bad.

As far as these inspections - this is another reason why I'm not milking cows today. It's one thing right after another and there appears to be no end to it. I can tell you of an example just last evening. I talked with a dairy farmer and he told me back last fall, or early winter, he was inspected and his farm was scored for his shipping milk and he knew that they were coming into his place this

particular day and he made real preparations for them - did extra work in cleaning up and making sure that his calf pens were clean and the doors were closed and the light bulbs were clean, and so forth. He scored 83. The day before yesterday this same farmer was inspected again. He did not know the inspector was coming this day and it was a particularly busy day for him. This is a busy time of year, as I am sure you gentlemen realize, and on top of that he had a funeral to attend that afternoon and, unbeknown to him, when he got home that night and went out to the milk room he found a report on the milk tank where he had been inspected again, scored 94. His calf pens hadn't been cleaned, the doors - I don't know whether they were closed or not - he had a pile of silage right outside his milk room, or his milking parlor, and he just hadn't taken any precautions at all. He had no idea the inspectors were coming. The same farmer told me that he was to the point where had he been there and they started telling him what he was going to do and what he couldn't do, he was all set to tell them to go to you-know-where. And this is the condition all over the State.

As far as the trucking rates - this is a real problem that we hear a lot on. I hear a lot of it in my particular

job. I know that the trucking rates range anywhere from 15 cents to over 45 cents. I know in the same area where one farmer is paying 20 cents, his neighbor may be paying 45 cents. The farmer paying 20 cents, as Mr. Sanders, his milk may be hauled thirty miles. The farmer paying 45 cents, his milk might be hauled ten miles. And this is going on and I have not got the answers and I don't know who has but these are some of the problems.

I understand that the State is spending some real money financing the broiler business, helping them to get bigger in the State. This, I would think, would be a concern of many people if they can afford this kind of money for the broiler business and I think they should really concern themselves, and I am sure you are concerning yourselves, with the dairy business.

This is all I have to say at this time. If there are questions, I will be glad to entertain them.

CHAIRMAN CARTER: Mr. Jones, have you ever seen a published list of the regulations of the inspection standards?

MR. JONES: Yes.

CHAIRMAN CARTER: Is it available to all the farmers or the producers?

MR. JONES: My answer would be yes. I am sure this is available if they want the qualifications or specifications that

that they must qualify.

REPRESENTATIVE HUNTER: Mr. Jones, you spoke of the State financing the broiler business. How do they do this?

MR. JONES: I can't tell you but a fellow just told me within the hour that - and I don't know if it would be this economic committee or department or what it would be under - but he said they were financing - they were putting real money, the State, into this processing plant and I am sure there must be folks in the room that knows more about this than I. I do not know. I know very little about it. I would be the first to admit it.

SENATOR REED: Mr. Jones, you say you are a field representative of the Dairy Association?

MR. JONES: A fieldman for the Maine Dairy Association, yes.

SENATOR REED: How many members are there there?

MR. JONES: Close to two hundred, I'd say, and for obvious reasons there use to be several more.

SENATOR REED: What percentage - in other words, of this two hundred - what percentage would the top potential be for this association?

MR. JONES: I don't follow you. What percentage? You mean of the dairymen in the State?

SENATOR REED: You say there are two hundred members. How many, if all the producers belong, how many members would

there be?

MR. JONES: Of all the dairy producers in the State? You mean if they belonged?

SENATOR REED: Yes.

MR. JONES: I don't know. It seems so the last figure I heard was somewhere over two thousand dairymen in the State - approximately two thousand.

SENATOR REED: About twenty-three hundred. Let us say two thousand - you represent two hundred. Is there any other group that represents this eighteen hundred?

MR. JONES: Yes, they have representatives here and I am sure they will testify. The New England Milk Producers Association. They are a larger association similar to Maine Dairymen only they are on a New England scale and they represent, I suspect, many more dairymen than we do in the State.

SENATOR REED: Now these two hundred, do they meet - how often or do they meet?

MR. JONES: The members do not meet regularly. However, they have their annual meeting. The directors meet - well, monthly or as often as they feel necessary.

SENATOR REED: Why I ask this question, it often seems to me that the farmers are in the same position that fishermen are in and that is that they have not at any time really

come together on a common ground to argue - to get their point of view in unison. It is done separately. Do you feel that this is a need of the producers in this State?

MR. JONES: Yes, this is a real need, that farmers be organized. Certainly every other industry is organized and this is very important, I believe.

SENATOR REED: I don't mean organized in a real regimented state, but I mean, in other words, to get their point of view in force, in unison. You feel that this is a need?

MR. JONES: Yes, I do. I think this is a real problem. I think public relations between the farmers and their town friends is very poor and I think this is apparent from the past legislative hearings we've had and I am thinking of the Milk Commission. The dairymen, being small in number as they are, they fought some real battles and have been successful and I think this is a real problem. It's the communications and public relations. The folks in town, they're not aware of the problems that Mr. Sanders has mentioned in regard to the cost and the tax. My tax is some over \$1,000 on the farm when I had the cows. I am now living - and I am not bragging, but I have one of the better homes in Pittsfield now and my taxes are peanuts aside of what I was paying on the farm, and this is not fair. I have seven children and when I was on the farm

seven miles out of town, the town was transporting them on the school bus and I had no real fault to find. Probably I was getting as much for my tax dollar as most people in town. However, I did feel and still feel that I was paying far more than my share. I was paying over \$1,000 and I had friends in town paying \$300 and \$400 who had a lot better homes and had the same size family, towards running the town and this is not fair. This is another problem and not only in the State but nationally. It's a tax structure. This, to me, is something that somebody has got to come to grips with - is to change the tax structure. It is just as antique as the Model T Ford, as far as I am concerned. It is not fair just because the dairyman has one hundred head of cattle and maybe two hundred acres of field and these are his tools whereby he attempts to make a living for his family. The lawyer, doctor, mechanic - he has his tools in a tool bag or in a bureau draw at home and it is not taxable and this is not fair, in my opinion. This is another problem that somebody has got to come to grips with. The farmers are paying more than their fair share towards running their town that they live in and their State also.

SENATOR REED: Do you feel that the farmer - I think this is one of the qualities and good qualities actually, is the



independence that these people have - but do you feel that possibly the farmer is being representative - or I will say all two hundred of them - that they are more becoming to realize their problem and the need for coming together?

MR. JONES: I think most of them realize their problem, definitely, and they are doing something else, like myself, and they certainly realize the need to get together but - well, they've got problems and they will realize it.

REPRESENTATIVE CARROLL: Mr. Jones, may I ask you a question?

What has the Maine Dairymens' Association done about the trucking cost whenever the cost was increased to a producer? What has been their action as an association?

MR. JONES: Maine Dairymen and other similar associations were instrumental in putting a Bill in the last session of the legislature on this trucking matter whereby the farmer would have to be notified at least thirty days in advance if there was any trucking increase. I am not prepared to make any great statement on that but they have worked on this trucking, and I think the Bill passed. Whether it has accomplished what they intended or not, I don't know.

Another thing they have done in this last special session - they were successful in getting through a Bill - and again I don't know how successful it has been - but it has to do with the Commissioner negotiating back and forth

across state lines with other Commissioners of other states.

It was the hope that it would provide a vehicle whereby it would head-off some of this milk crossing back and forth in different states, but they are concerned with it and they have done and accomplished some of these lines, I would say.

REPRESENTATIVE CARROLL: Then you are satisfied that the action that they took was aggressive enough?

MR. JONES: It was a start. Maybe it should have been a little more aggressive but I'm not here condemning the dealers. I realize that they have their problems but, and as I said in the beginning, I haven't got the answers but these are the things, I think, we all agree with aren't just right. This isn't fair amongst the dealers that one dealer own his milk 25 cents a hundred weight cheaper just because he's picking up on the other end on his trucking, owning his own truck. These fellows that are paying 45 cents for their trucking - . It's a fact, many folks know in the room, that the commercial trucker would like to truck the same milk for a quarter and make money at it and these are facts, and because folks are getting their milk hauled many miles for 20 cents, 25 cents, and some lower and it's not fair to the dealers, amongst the dealers, that one dealer own his milk cheaper because of this reason.

REPRESENTATIVE CARROLL: My understanding, the dealers reserve the right to truck this milk. Am I correct? At their trucking figure?

MR. JONES: I believe this is certainly correct. And another thing along the same lines, I have found farmers speak to me very often, "what are we going to do about this trucking?" They hesitate to say anything about it and you, I am sure, you realize their position. They are getting more than the Boston producers, some of these on the Maine market that are paying a little higher price for their trucking, but they hesitate to say anything because they know what the answer will be. They'll say, "You either take it or we will shift over to your neighbor." And this is a problem and for that reason they take it and like it - not like it, they take it. This is happening. They realize that they're getting a little more for their milk and if they say anything or complain about their trucking, they are apt to lose it and this is a real problem.

CHAIRMAN CARTER: Thank you, Mr. Jones. Are there any others that would like to express their opinions on their individual problems?

DEWAYN SHAW: My name is Dewayn Shaw and I live in Gorham, Maine. I stutter quite a lot and I can't say what I want to lots of times but I can get it out, I think, before we get through.

In regards to what this fellow was questioning Mr. Jones on the Maine Dairymen - how many people belong to it, and the NEMPA - how many people belong to it. We belonged to the NEMPA and then we shifted over to the Maine Dairymen for approximately twenty years. I think the Maine Dairymen have changed their mind a little bit but the Maine Dairymen or the NEMPA, in my estimation, has done nothing for the farmer. All they have done is hurt the farmer. I fought this thing for two or three years and I spent a lot of money at it and I think it is a disgrace when you get an organization that speaks as a block for the farmer and comes down here and asks for a cut in the price of milk after twenty years. I think there's something that's awful wrong. That's what I wanted to answer to your question.

So I quit the Maine Dairymen. Mr. Jones came down to my house and tried to talk me into going back and we talked all one day but I think that -. I've got a lot to say about hurting people's feelings but we've got a

lot of people that were farmers that got a good vocabulary, which I'm not, that's speaking for the farmers today because he wasn't smart enough to be a farmer himself, which I think is bad. I've got a lot to say and what I say you will get right to your face. I've got a lot of things I would like to bring up here, if I can bring them up. I would like to say that last fall we had a number of meetings. Mr. Dolloff called a meeting with, in my estimation, the smartest man I ever heard speak. He was a member of the Grange. I wish he was speaking for us. I would join in a minute, But he says the milk business stinks, its rotten. That's his own words and I am in favor with him 100%. He says that these organizations that are speaking for the farmer is what is keeping the farmer down and I agree with him 100%.

The NEMPA - I went to a dairy auction out in Greenfield, Massachusetts a week ago Saturday, this last Saturday. There were three farmers there. Mike Wilson from Gray was with me and we talked with three farmers who were shipping milk to the NEMPA, getting \$6.50 a hundred for milk. That's something we aren't getting for milk. We're getting \$4.50 to \$5.00. On this price of zoning milk, they zone it out of Boston - the farther away you live, the zone goes out and the less you get for your milk because it's based on Boston - the federal order here in Boston. Our milk is

suppose to be going to Portland. I'm only twelve miles from Portland but I am still based out of Boston on my zoning. Does that make sense? If my point of shipping milk is in Portland, why do I have to pay to ship it to Boston and then turn around and pay to ship it to Portland and then sell it and get the twenty-first zone for it? That's ridiculous. I think you will find that 99% of your farmers don't understand this milk price or anything else.

I think this timing for this meeting here is picked either on poor judgement or on the way you wanted to go and farmers is busy the last two weeks and the next two weeks as they can be. They can't afford to be here at this hearing. You've got two thousand farmers in the State of Maine and how many farmers you got here? When you vote for the presidency, you vote in each town. You come around in each town. You can have something to say and get out and vote. If we have a meeting we have it at night and the farmers can get there but how many farmers can come up here on a day like this? I was hoping it would be pouring today so there would be more people here.

Something else I'm well disturbed over is our organization is suppose to be like the Farm Bureau and the Grange. The Farm Bureau, instead of asking for a raise in the price

of milk, they'll come down to their annual meeting and ask for a cut in the wage scale. We shouldn't have to pay a man a dollar an hour to work on the farm. You are suppose to be able to hire fools and idiots and somebody that don't know nothing to work for a dollar or less. Instead of them saying, "Well, let's get the price of our product up so we can hire a decent man to work on the farm". I'm in the construction business, too, and I take a man off my farm and put him on a back-hoe or front-end loader. I send him down with anything to do with the government. The government scale is \$4.94 an hour and anything over eight is time and a half which runs into pretty nearly \$7 an hour. I take the same man back on the farm to milk cows - which you can teach this man in two hours to run this front-end loader and you can't teach him in two years to milk a cow - but the wage setup says I don't have to pay him a dollar an hour. Well, with the cost of living, that's ridiculous. I would like to see the wage scale on the farm at least \$4 an hour and then we would get an increase in the price of our milk.

As far as this inspection - you say you can't bring up inspection along with anything else. Well, that goes into the cost of making our milk. I bought some cows out to Hoods Cherryhill Farm last fall and I brought them home

and I got a cement tie-up and my farm passes inspection. I got a cement tie-up and I built it to pass inspection. I put these cows on the cement floor and three or four of them pretty near died, so I got the veterinarian up and he says, "You got to put them on a wood floor." I built a wood floor for two cows to stand on and the inspectors come in and say, "You got to tear it out." Now, I mean, that isn't even common sense. You take on your loose housing setups - you have to have a pack of manure for your cows to sleep on or their tits freeze off, so you leave the manure there, the cows sleep on it all winter, then you bring them in and milk them. Well, that's all legal because somebody down at the University of Maine or some other college thought it up. But you have the same cow in a tie-up barn, or stanchion barn, like I've got where you lug the milk - I've got a pipe line so we don't lug it - but they see a spot of fly manure on the light up there, well, you've got to get up and scrub it off, or if they see a speck of manure back on the wall, you got to scrub it. I mean, the whole thing is ridiculous. You got a bunch of men that is trying to organize an inspection here that wasn't smart enough to be farmers but they're smart enough to be inspectors. I mean, the whole thing, in my estimation, is ridiculous. As long as a man's



bacteria is down and his milk is fit to ship, I don't see why it makes any difference if there is fly specks on the wall or if there is a light over your bulk tank or anything else, or if you've got some paper towels hanging up in your milk room. As long as your inspection's done.

Mr. Dolloff said we wanted to go on a base program. We thought we would organize and get on a base program so there wouldn't be all this surplus milk. We fooled around with that for six or eight months and Mr. Dolloff couldn't raise the money to find out about a base program. Well, here about three weeks ago we have a hearing down home and the inspectors in the State came down and said, "We insist you go to this meeting." So we go to a meeting down there and they go to some slaughter house and get some old mastitis cow and cut her bag open and I damn near threw-up. But that's beside the point. What I'm trying to say is that I think that 99% of the farmers drink their own milk and 99% of the farmers know that that mastitis cow, they wouldn't put in their tank but the State had the money to pay these so-called men to go around at night and go and get all this time to show us what mastitis was. Most farmers are born and brought-up with mastitis and they see it every day, and I don't think that they are going to put that milk in their tank out of a bad udder and then

turn around and drink this milk. But, I mean, they had the money and the time to spend on this but they couldn't have the money to write four or five letters out to some other state where they are getting \$7 or \$8 a hundred for milk and the farmers are surviving.

I went to Iowa last year. I flew an airplane to Iowa and I visited about thirty farms and every farm I talked to, we're getting the least for milk than any farm in the whole nation that I talked to and we're the hardest inspected. I mean, the whole thing is a politician's dream of a bunch of drones as far as I'm concerned. It's all politics that makes the whole thing stink so.

On this base program - I think we could have got it through but there wasn't anybody to give a damn. I mean, they say, "Well, let them starve out." I talked with Mr. Buck down to the FHA Office in Gorham. The FHA is the Farm Home Administration administered by the federal government. The way you can borrow money there is you have to go to two banks and they say, "No, if you are a dairy farmer, we wouldn't give you a loan anyway." Then you can go down there and borrow money. I owe money, so I know all about it. Mr. Buck says in the past ten years the farmer's indebtedness has gone up 1,000%. In other words, if he was in debt \$1,000 ten years ago, he is in debt

\$100,000 today. That's speaking a lot for our great State of Maine, isn't it?

There's something that is awful wrong in this milk business when you had sixty-five hundred farmers, I think it was seven or eight years ago, and now you got two thousand left. That's another piece of land sitting idle, another farmer out of business, another man, or the backbone of the State of Maine, that's gone down the drain or gone to work for somebody. I would like to say that any farmer that stayed in business for the past ten years and has stayed alive, he's worth \$20,000 to any business in the State of Maine.

That's a lot of things I'd like to say, but I should sit down and shut-up, I guess.

There is something else I would like to say. They say you can't compare milk with anything else. If you compare milk with eggs, eggs is what you call a perishable product. They have a 20% mark-up on eggs, or 25%. In milk they've got 200%. I can't understand why the farmer has to make milk for 9 cents a quart that is turned around and resold for 27 cents. Our biggest dairies in our area sell it for 29 cents, or 2 cents higher than the Maine Milk Commission says that they have to charge for the milk. They say that

they can't go up on the price of milk. Well, this fellow that we had up here from the Grange that spoke to us said that the highest milk in the nation is Milwaukee, Wisconsin which is 35 cents a quart to the housewife and in Wisconsin it's supposed to be where all the milk is made so cheap that these dairies hold over our head that they can go out there and buy it and haul it up here for 50 cents a hundred but they turn around and they charge me 30 cents a hundred to haul it twelve miles.

There is a dairy down home that is hauling milk from a farmer every day for 15 cents a hundred. He hauls it twelve miles to his dairy. There is another farmer within two miles of his house he's charging 40 cents a hundred and goes every other day and picks up his milk. These are facts.

Two years ago I was shook-up on this thing and we got an organization together - tried to - to raise the price of milk. We went out to thirty-two farmers and we had 95% of the farmers at the meeting at 7:00 one night. Out of these thirty-two farmers, there was seventeen that had another part-time job doing something else to support the farm. That's speaking a lot for a farmer, isn't it? I've got enough written down here to go all day but if you want to ask me any questions, go ahead.

REPRESENTATIVE CARROLL: I would like to ask you a question, Mr. Shaw, and that question is - . First, before I ask the question, I want to apologize for the time this meeting is being held because I happen to be a dairy farmer and I would like to be planting my corn today just as well as the boys that didn't come here today. But I would also like to ask you, do you feel that if this committee went into your area and put out notices that we would be in executive session and each dairy farmer could come in, come in in private, give us the straight dope right from the shoulder, without fear or worry that his testimony would be used against him in regards to his market, would we receive more cooperation?

MR. SHAW: I guarantee that 99% of them would be there.

REPRESENTATIVE CARROLL: This was my request when we set this up, that this would be done in this manner.

MR. SHAW: I mean, the part that gets me - I come down here two years ago and the NEMPA and Maine Dairymen were sitting here begging for a cut in the price of milk and that's when I decided it's about time for me to get the hell away from the Maine Dairymen. When they come down here and ask for a cut in the price of milk after twenty years, when it's 11% cheaper than it was back in 1946 when you bought a pair of shoes or something for one-quarter of what it is today.

I asked Mr. Steele on the Maine Milk Commission what he was getting for a salary in 1946. I think he was getting \$45 a week. I'd like to know what his salary is today for his cost of living. But he expects us to make milk for less. We petitioned last fall for a hearing - a milk hearing - to get a 2 cents increase in the price of milk. What the hell did they give us but a half cent cut. After two droughts, the worse droughts we have ever had, the farmers have gone out and sold all their heifers, sold all their cows that was a long ways off. Now cows are up 50% to what they were two years ago. Milk, I'm telling you, within five years will be 35 to 40 cents a quart in the houses around here. You're going to have to pay for it because you just can't starve people to death and expect them to keep going. They were in debt so far ten years ago but they are getting out now so they can have an auction and dump their farms, dump their cows and get so they can be free and that is just what they are doing.

There was an article that came out here two weeks ago - which most every dairy farmer here knows it - in Wisconsin in the last twelve months, 365 days, there have been fourteen farms auctioned off a day. Fourteen farms per day that's gone out of business in the last 365 days. That's

in the State of Wisconsin. There's a lot of dirty politics in this milk business.

I know the NEMPA two years ago, three years ago, when they priced this pricing on trucking milk. They tacked on an extra 30 cents a hundred to truck their milk because the NEMPA buys some that goes to Andover. The NEMPA is supposed to be a farmer's organization. The State of Maine is the only state that has to pay that extra 30 cents, but if you are supposed to be scared you aren't allowed to bring this stuff up. You are supposed to lay down and die in a corner somewhere. But that's facts. And that's an organization supported by the farmers, the NEMPA.

SENATOR REED: I might ask one or two questions. I think that your statement that you made - to summarize it, that you felt that one of the basic problems with the farmer today is that he is organized and the organizations are the things that are killing him off. Is that correct?

MR. SHAW: Beg your pardon?

SENATOR REED: You said that one of the basic problems of the farmer is that he is organized and the organization that he belongs to are the things that are hurting him?

MR. SHAW: The organization is the one that is selling him down the drain. That is right.

SENATOR REED: Well, it seems to me that there's a contradiction here and I am wondering if you could offer a suggestion of what the farmer could do to help himself.

MR. SHAW: Well, I will tell you what I would like to say. I know Mr. Andrews here well and he heads the NEMPA and I got a lot of respect for Mr. Andrews. About a year ago, just about a year ago, I think, I called Phil up and he came down to my house and we talked over that night and spent a lot of time on this milk thing. I thought that the Maine Milk Commission had outlived its usefulness. I think it could be improved and revised but it can't be in the State of Maine alone. You've got to get together with somebody else because you can't have H.P. Hoods buying our milk here in Maine, trucking it to Manchester as Class 2 milk and buying milk out there and bringing it back here as Class 2 and selling it here as Class 1, and that is just exactly what is being done. But I told Mr. Andrews - we talked it over and I learned a lot and I think maybe he did, I don't know. But then they had a Maine Dairymen meeting down in Gorham last fall and Mr. Andrews or somebody asked or told us to attend it. Mr. Andrews got up and said he thought the Maine Milk Commission had outlived its usefulness. I think he is right 100%. Until they revise the thing and make us stay alive -. When they guarantee us a 75 cent loss -.



They took a survey of Maine, New Hampshire, and Vermont, I think was the three states, two years ago in '64. They figured the cost of making milk. If the farmer took \$2,600 a year salary, the cost of making the milk was \$5.29 a hundred and I've received about \$4.55 a hundred for my milk that year. So I was guaranteed, according to their analysis, a 75 cent loss before I even started on every one hundred pounds of milk I shipped. Now, if you can tell me how anybody can stay in business doing that, I'd like to know how they can do it and at a \$2,600 a year salary. And cows aren't like machines that you can go to work at 8 o'clock in the morning and shut off at 5 o'clock at night. You have to milk cows at certain intervals and if you start as early as 4 o'clock, which you shouldn't, but you still got to milk those cows and get done at 6 or 7 at night so there's thirteen or fourteen hours involved there. Yet you are supposed to do down and fight for a minimum wage law to be less than a dollar an hour on a farm. Now, that's ridiculous. I mean, it's going right back to the old - - Testament, I guess.

SENATOR REED: Then I take it from what you have said you feel that if just the simple supply and demand was used as far as milk is concerned that it would be the best in the long run?

MR. SHAW: I would like to say that the potato farmers up in Aroostook has had a hard time four, five, or ten years, haven't they? But they aren't guaranteed that loss when they plant them in the spring, are they? They are guaranteed that if they can get \$2 a barrel, they will break even. If they can get \$8 a barrel, they are going to make a good profit. I'm guaranteed a loss before I start and I'm guaranteed that I can't ever have a profit. We petitioned last fall to the Maine Milk Commission for a hearing for a 2 cent raise on the price of milk - 2 cents a hundred - on account of the drought that last for a year. Well, they denied us. They wouldn't allow us to have it. They wouldn't have a hearing so a group of farmers could go down there and testify why they needed the raise in the price of milk. Now, that's ridiculous, when you've got a Maine Milk Commission who will sit down there and say, "No, you fellows are suppose to starve to death and we won't allow you to have a hearing." Now, that's wrong.

SENATOR REED: Just one more question and then I'll keep still.

You said that - I'm not a farmer - you're getting 9 cents for your milk?

MR. SHAW: I've got my milk stubs right here, if you would like to see them.

SENATOR REED: You say that this is probably one of the lowest in the country, is that right?

MR. SHAW: As far as I know, it is the lowest.

SENATOR REED: And yet what is the retail sale of milk as far as Maine is concerned?

MR. SHAW: Well, it fluxuates up and down which is - .

SENATOR REED: How does it compare with the rest of the country?

FROM THE AUDIENCE: Three cents below Washington, D.C.

MR. SHAW: I can't remember this man's name that spoke from the grange. He's a friend of Mr. Dolloff's and he said that milk was 35 cents in Milwaukee, Wisconsin, which is the highest place in the nation.

SENATOR REED: Then in a sense the gap isn't there between what your price is and what the sales price is.

CHAIRMAN CARTER: Mr. Shaw, you say you were selling your milk at Class 2 price which is being shipped out-of-state and then Class 2 milk is coming into the State and sold as Class 1 milk?

MR. SHAW: That's a known fact. The Milk Commission says they can't do anything about it. Well, if they can't do nothing about it, there shouldn't be any Milk Commission, should there? If they could do something about it, it would be a good thing.

CHAIRMAN CARTER: Has this occurred many times to your knowledge?

MR. SHAW: It occurs constantly right now. The Milk Commission says they know our milk is going to Manchester, being sold as Class 1 but there is nothing they can do about it. It is going across the State line and we're in the State of Maine. When you get back into the United States, you cross the border into New Hampshire then.

CHAIRMAN CARTER: Do you know of any specific instances where you sell your milk as Class 2 milk and it never leaves the State and it is sold as Class 1?

MR. SHAW: I don't know that for a fact, no, sir. I know that our milk is hauled to Manchester and processed in Manchester and milk is hauled into Portland and processed in Portland. I know that back here up until '54, I think it was, that they took our Portland market away from us. The Maine Milk Commission allowed it. What I am trying to say is that the farmers in my area through to Fryeburg was on the Portland market. They combined the Portland-Auburn-Augusta market because they had a lot of surplus in Auburn and Augusta. So that brought our surplus way up. We went up and fought about that. Well, it wouldn't be fair to the man in Auburn because he would be getting a lower price. They've talked them into building a fifty-cow herd or a seventy-five cow herd where they did have a twenty cow herd. So they're making all this more surplus milk. But we lost our Portland

market on account of they wanted to combine it so they could put on all this extra surplus milk up there on our market and so we've been on a surplus price ever since.

Up until this year we've always had on our milk stub Class 1 and Class 2, percentage of Class 1 and Class 2.

Over the last two or three months we haven't had that any more because we aren't suppose to be smart enough to figure it out for ourselves so it isn't written on the check, what percent is Class 1 and what percent is Class 2. It averages 40%, Class 2 milk.

CHAIRMAN CARTER: To get back to one of your previous statements in regards to inspection. Do you feel that the present regulations are harsher on the conventional tie-up versus a free-stall or open housing system?

MR. SHAW: I would like to make a statement that I've got a new tie-up down there and my setup - it passes inspection well. I think inspection is ridiculous. It's to put you to heck out of business or else make you spend money. We've got farmers down home that the dairies say, "Look, you've got to go on this, you've got to do that." You've got to go in debt and spend money or get the hell out and that's ridiculous. And I can show you instances, if you want to come down, I can take you to a few farmers and you can talk to them. The worse part of it is, the farmer that goes out

of business don't ever say anything more. He's out, He's gone. He's gone to work for somebody. He won't come down to this hearing. I've tried to get him but he won't come down because he's working, making a day's pay somewhere. If you could talk to the farmer that's been pushed out of business and then you could see what I am talking about.

And the kids that's left the farm because they've been worked to death for a dollar a week or two dollars a week and worked from the time they were old enough to walk, on the farm to work for nothing until they get old enough to leave the farm. When they leave, the old man gets the hell out of business because he can't work for nothing anymore. He can't afford to pay a man a dollar an hour.

SENATOR HILTON: Mr. Shaw, I gather that you favor a federal order in the State of Maine rather than the present milk control rules.

MR. SHAW: I would like to say that I am not in favor with anything to do with the federal government having anything to do with anything. When you got the damn federal government in one section and you're up here fighting by yourself in the other, how can you fight the federal government?

SENATOR HILTON: Then you feel the present milk control board is the better of the two?

MR. SHAW: No, I don't. I feel that the present milk control board is ridiculous and I feel that until our milk control board - . We know that New England is an import section of the United States. You take Rhode Island, Connecticut and all of our New England States is an import. If there is any extra milk it would be imported. I feel that if we had a Milk Commission between all of us, not a Maine Milk Commission, a New England Milk Commission, or better than that, if we had a New England - - or a federal order to compete with a New York federal order. I don't know, the whole thing is a mixed-up mess. As this man from Washington said, the whole thing is rotten and he's right.

CHAIRMAN CARTER: Any other questions? Thank you, Mr. Shaw.

PHILIP ANDREWS: Mr. Chairman, Ladies and Gentlemen, my name is Philip Andrews. I'm president of the Maine Dairymen's Association. I agree to some extent with both the previous speakers. I've been a dairy farmer for thirty-two years and I don't feel that everything is rosey, by any means. I ship to the H.P. Hoods Company and have for twenty-five years. It is true that they're shipping milk out of Maine as Class 2 and selling it in New Hampshire as Class 1, which is no detriment to us as producers. It may be a detriment to the New Hampshire producers. But to my

knowledge there's none of that milk that is coming back to the State of Maine that is going out as Class 2 and coming back as Class 1. I don't believe that is so.

I believe the issue here today is the Milk Commission. You folks - most of you know me and know that our organization along with NEMPA, Farm Bureau and other dairy organizations have been marked very much in favor of the Milk Commission over the years. It's been a fight in legislature for fifteen years at least.

I do believe that our market here in the State is the most important market, rather than Boston. Our milk should be, all that can be utilized profitably or essentially, should stay here in Maine. I think our first thought is for Maine producers and Maine consumers, also Maine dealers. Without the three we wouldn't have a dairy industry. It is very true that every time a producer goes out of business, it does mean a hardship to the towns. Even if the land is still there, unproductive land is not as taxable as land that is in production. All livestock that goes out of the State, we lose revenue, and any business that is gone means a hardship to the towns that that business is in. Now several of you fellow are farmers, or farm-minded, on the committee here and I don't have to tell you this. I feel that the Milk Commission has served a purpose. I don't remember exactly what I said at the meeting in Gorham that Mr. Shaw



referred to. There have been times that I have been discouraged to some extent in fighting for the Commission, I'll agree with that. There's been a good deal of opposition to it. I feel that the opposition hasn't had the entire story. If they have had it, in some cases perhaps they haven't understood it. But any money that we can keep in the State of Maine through the sale of milk, I feel is important and I don't feel that the consumer is being overcharged for milk in Maine. The fact is, I don't feel that the consumer is being overcharged anywhere. The price of milk has increased very little compared with other food products. The Maine Dairymen's Association and NEMPA, Farm Bureau have done what they felt was right for the producer, consumer and the dealer - what seemed like a logical program. If we made some mistakes, which I presume we have over the years - I don't know of anyone that's ever done very much that didn't make some - it was due to the fact that we didn't know. I'll admit that we don't always know. But I think the dairy farmers in the State would be a good deal worse off than they are now if we hadn't had the Milk Commission and, as you've heard previous testimony, this isn't the only state in the United States that is losing milk producers. When the State of Wisconsin loses fourteen

dairy farms a day over a year, there's something wrong.

Now, I don't know right now in the past twelve months whether there is as many dairy farms going out in the State of Maine as there has in the previous twelve months or not. I don't have those up-to-date figures. But I know the number of dairy farmers has decreased tremendously over the last couple or three years. Milk is probably the scarcest right now over the United States as it has been in a long time. There's no question about that. All you have to do is read the farm magazines and in places where processed milk, what I mean is cheese milk, is bringing more than Class 1 in the mid-west.

I have occasion to visit with dairy farmers in New York from time to time and other parts of the northeast and I know that there is places that is getting more for milk than we are here in the State of Maine. Now, we've got several markets here in the State with variation of at least 60 cents. We've got variations in trucking rates in the State but I think due to the Bill that was previously mentioned that was put in by the dairy organization here in the last session of the legislature, that the trucking situation is reasonably in hand. I know that some of the truckers have complied very well and, to my knowledge, there's none that haven't - I mean that haven't complied

reasonably. Now there may be some holes in our milk transportation rates. I won't say there isn't but as a whole I think they have improved due to this Bill and I know that the most of our truckers are fair. Now if a dairy hauls their own milk, they're still a trucker and they come under these regulations. I think Mr. Steele of the Milk Commission can verify these figures and I think perhaps he should before this session is over.

Due to the Class 2 milk and the utilization of milk in different dairies is, of course, what changes the price of our blend milk. Now, the milk that is put on the street as Class 1 milk, we're getting somewhere around 13 cents for. Now, that's the milk that you are thinking of that goes to the consumer. Now, we've got the Class 2 milk that brings to us somewhere around 3.36. Now that varies. That is all sold together and ends up with a blend to the producer. We need to keep this in mind - a blend. Now there is some dairies in the State right now that don't have much, if any, Class 2. So the price to the producer is the Class 1, or nearly the Class 1 price. Now those fellows are getting a reasonably good price for their milk.

Now, the cost of production has increased tremendously. The cost of our equipment and the cost of labor has taken a big jump. And it isn't only the cost of labor and cost of equipment that is important. It is the trial of getting

both. Now farm machinery and parts - perhaps you fellows that are not in agriculture or doing business with equipment - I know Mr. Reed can appreciate this and I know the dairy farmers and you fellows that don't have to wait for essential parts or one essential piece of equipment might not be so understanding. But through the high cost of labor and, I suppose, the inefficiency of labor in our factories, it makes it just that much harder for us to do business. Labor is higher and it is scarcer and it's poorer. We have had, on part of our farm operation, a tremendous labor problem for the past eight to twelve months. And I know the fellows that are farming near industrial centers are having a much worse time and our operation as farmers has to go on regardless. Everything has to be done every day and I accept George Carroll's remark of apology of having this meeting today because we've had a cold, backward spring and this last week has been the first good days we've had and I'm sure that the fellows that are home today trying to catch up would be here if it were earlier or later. We are under some real hardships. I don't think we're in Johnson's poverty area by a good deal right now but we have our problems and I would like to see this committee, the people in the State

of Maine, that are getting a good buy on milk, leave it alone and let us do the best we can. I think with the Milk Commission that gives us some say on what we can do in our dairy industry, and it also gives the consumers the opportunity to come here and state their piece. If we have a federal order, that's something different. I don't have to tell you what a federal organization is, you know fully as well as I. I'm not condemning it but if we don't have this, a federal order is a necessity.

As far as our inspections are concerned, I do feel perhaps there could be an improvement. The departments might come a little closer together but I don't think that the departments as a whole - now I want you to understand what I am saying, as a whole - are requiring us dairy farmers to have better facilities than we should. Milk is a very important product. I think most of us want to produce a product that we can be proud of and that is safe for human consumption and we can't get it in too good condition.

There is another item here that I feel is very important. That is the check that our Milk Commission makes on dealers. Now, I don't feel that dealers are bad people at all. Fact is, I think they're good people as a whole, same as I think dairy farmers are. But everybody makes mistakes and the

Milk Commission is there to check the records. They have auditors in the field at all times. I can't tell you how often the dealer's records are checked but they're checked periodically. I was just visiting with a fellow that said that he had got a return of a sizable number of dollars through an error of his dealer that the Maine Milk Commission picked up. The Milk Commission also is an agent to look after several other things, such as our dairy council dues and I can't, for the life of me, see why we should do away with an agency that doesn't cost the public any money. It's paid for by the industry. There again, you folks might feel that the consumer pays. Of course, the consumer does pay the bills of our costs to a point in some cases. They don't pay them all but they should. I don't think we should trade away one agency that has served us well over a long period of time for one that has proven - and I am talking about the federal order, and it has also been proven right here this morning by just two previous speakers - it doesn't pay as much as what we are already getting.

Thank you very much for your time.

SENATOR HILTON: Mr. Andrews, I would like a point of information. I don't know whether you would like to answer it or not. How much surplus does the handler have to have to insure? Do you have any idea?

MR. ANDREWS: I don't think I can answer that, Ralph. There's been times over the past that the handlers seem to get along without any Class 2. I'm not trying to be radical but there has been times when there's been plenty of milk that the handler felt that they needed at least 20%.

SENATOR HILTON: Is it proper to say that that would be pretty near where it is today?

MR. ANDREWS: 40%? I don't think that there's many dairies that are carrying a 40% surplus. The Hoods Company I think perhaps might. They averaged over 40% last year. I don't know that they will this year. Certainly to run an efficient Class 1 business, don't need 40%, I feel sure of that.

SENATOR HILTON: Is this between 20, 35, and 40 before the supply and demand can work. That's got to be eliminated, doesn't it?

MR. ANDREWS: That's right. Now, most of the dairies that I am familiar with are running a real low Class 2 right now compared to what they did in the past, the past several years.

SENATOR REED: I'd like to ask one or two -- . You said that the main source, or the prime outlet, for Maine milk should be Maine and its people. Right?

MR. ANDREWS: I feel that we should look after our Maine people first.

SENATOR REED: Do you feel there is a big potential beyond the State of Maine for the Maine farmer?

MR. ANDREWS: Oh, yes, there certainly is. There's a great deal of milk going into southern New England from New York State, a great deal of milk going into Connecticut from New York. I can't begin to quote you how much. Perhaps some of the NEMPA boys at a later date can, but I do know that there's a tremendous amount and our overflow - I think this is similar to any supplier. They will supply the retail and what's left over of their production will be sold at wholesale. Now the importance to us dairy farmers is getting all we possibly can within reason for our product, is no more than natural. There is places in the country that can produce milk cheaper than we can here in the State of Maine. Now, there are farms in Maine that can produce as cheap as they can anywhere in the northeast, I won't say over the country, because we do have to prepare for some darn long winters here in Maine and that is more expensive than it is in a longer summer season.

SENATOR REED: Then to the question - there is a big potential beyond the State of Maine, would be the answer. Now, it was stated here before by another speaker that he felt that very few people, farmers included, understood the situation that they are now in. Do you feel that this is true?



MR. ANDREWS: As far as milk prices are concerned?

SENATOR REED: Yes.

MR. ANDREWS: I think that's true. It's complicated.

SENATOR REED: Now you also said - I think this committee is interested in the consumer but I think we're also interested in the producer and the farms - you said you felt that if the, well, more or less this committee and the legislature, should leave things pretty much alone and yet it has also been stated that 11.5% of the farmers went out of business last year. The figure, the rough figure, was 13.5 is going out this year and it seems to me that this committee should be concerned about these figures and should be trying to do something about them. Would you agree with that?

MR. ANDREWS: I do and I do want to make a statement. I think that the big percent of these fellows that went out of business are shipping on an order other than what we've got. Now, what I'm saying is, they are out of state shippers. I think the Milk Commission office has a record of this along with the department. And I am sure that the fellows that are going out of business are the ones that are getting the least for their milk, not the most. And what I'm saying here, we best keep the program that we have got rather than switch to a program that these dairy farmers would get less for. It is just common sense that the less you get, the

quicker you're going out of business.

REPRESENTATIVE CARROLL: Mr. Andrews, do you feel that the dairy farmer that's shipping out of state that the Milk Commission cannot help should be paying the cost of maintaining the Maine Milk Commission?

MR. ANDREWS: No, and to my knowledge he isn't. To my knowledge the man that ships out of state is not paying a penny to maintain the Maine Milk Commission.

MR. SANDERS (from audience): Would you qualify that, please?

MR. ANDREWS: Well, the Maine Milk Commission is paid for by the dairyman who is shipping on the Maine market along with the Maine dealers, if I'm not mistaken and I don't think I am.

MR. SANDERS: Then our salary is not paid by the taxpayers in the State?

MR. ANDREWS: Right, they are not. They're being paid by the Maine producers. It's coming out of our milk check.

MR. SANDERS: Coming out of your check?

MR. ANDREWS: Right.

MR. SANDERS: You said you were a Hoods producer?

MR. ANDREWS: Right.

MR. SANDERS: Your milk is utilized here in Maine and not going to Boston?

MR. ANDREWS: Right.

MR. SANDERS: They also take milk money out of my check. They call it a Maine milk tax. Is part of that money used to go to the Commission or not?

MR. ANDREWS: No, that is strictly an advertising agency. I happen to be right now a member of the Milk Tax Committee and that is 2 cents a hundred - I think I'm right on that - 2 cents a hundred for every hundred pounds of milk produced in the State of Maine to be utilized in the direct advertising of Maine milk and your milk that goes to Boston. There's a certain portion of that tax money that goes into the New England Dairy Council to advertise your milk where the Maine milk money is kept here in Maine to advertise milk that is sold in Maine, but that does not have anything to do with the Maine Milk Commission.

MR. SANDERS: I know this is a personal question, but on your stub - on your milk stub - what would this tax to support the Commission - what do they call that?

MR. ANDREWS: On the Hoods' stubs it's CBA. They never changed the abbreviation. It use to be called the Control Board Assessment. Now it's the Maine Milk Commission but under our stubs, the Maine shippers, it's CBA, same as it was a good many years ago - Control Board Assessment. And that

is divided between the Maine producers and the Maine dealers. The Dairy Council dues are taken out through the Maine Milk Commission and that is also paid for by the producers and the dealers, but the Maine milk tax, which all producers in Maine are paying, is paid for strictly by producers.

REPRESENTATIVE CARROLL: I think Badger's Creamery has been taking money out of my check for a good period of years to pay for the support of the Maine Milk Commission and they're in Portsmouth, New Hampshire. Would you say I am entitled to reimbursement?

MR. ANDREWS: I couldn't say, George. There must be some of their milk sold in Maine.

REPRESENTATIVE CARROLL: They have no control of what that creamery paid me for my milk, sir.

MR. ANDREWS: I guess I wouldn't feel qualified to answer that question. We do take milk - . This same tax that we are all paying from a few producers in my area across the line in New Hampshire whose market is in Maine which always has been. What I mean is, it is very few producers and their logical market is in Maine and they pay our Maine milk tax and help support our milk programs which they should. In your case, I don't know. I would think that regardless of where your milk goes, that you should pay your share of the tax of advertising because you're benefiting the same as

this gentleman that just got up that's shipping milk to Boston or whether I'm shipping to Maine. My judgment would be that you're just paying your fair share.

REPRESENTATIVE HUNTER: I would like to ask Mr. Andrews a question. Down our way our producers are concerned about inspection. Apparently some of the State inspectors are quite arrogant and make themselves a nuisance around the place, wanting to know where the septic tank is and, I guess, at times they wanted to look at the bathroom in the house, I believe. Apparently you haven't had that trouble. Of course, I might point out that our producers are poor people. They're not the rich dairyman that you are.

MR. ANDREWS: No, I understand. You asked me once if I was really a farmer, George, if I remember right. You knew damn well I was.

I will admit that these milk inspectors do ask some embarrassing questions and, rich or poor, it's hard to answer them sometimes. What I said was that I felt that they didn't require anything more than what we should be required as far as inspection. I did say, too, and I agree with it 100%, that they should get coordinated better between our Maine inspectors and our Boston inspectors. I haven't been at all satisfied with some of the reports that our Maine Dairymen members have had as far as inspectors are concerned.

I will agree with that 100% and I thought I made that clear, but I will. In most departments where two departments have got to work together, the same as our Maine inspection department and Massachusetts, they can't get too well coordinated because anybody that ships through a company here in Maine, if that company ships part of their milk to some other area, they have to be inspected by two, both Maine and Massachusetts, or wherever, Connecticut or wherever and where, in a case like - I forget which of the previous fellows mentioned that one fellow got 83 and thought he was well prepared, an 83 score, and a few days later when he wasn't prepared got a 94, there's something wrong. If that's the case, there is something wrong because those two men should be better coordinated. But there again, they're human and when you have to deal with humans, you know, you're always in trouble because what you see is right and what I see is right, may be two different things. A uniform inspection over the country would be good. Does that answer your question, George?

REPRESENTATIVE CARROLL: Fine, thank you.

FROM THE AUDIENCE: At the last 102nd session of the legislature, a Bill was passed in regard to giving the Maine Milk Commission the right to investigate hauling rates. This must be done, the way I understand it, only on request

of the producer. I understand at the time this was going through the mill that you were against giving the Milk Commission the power to investigate hauling rates without the request of the producer. Now, the thing that concerns me is that when the producer goes into the Commission and makes a request for a hearing, I guess that's the procedure, then the first thing he knows he isn't producing for this company anymore. Now, I was wondering if you might explain why we should give them the authority without having the producer make a complaint?

MR. ANDREWS: I don't know as I'll go along with being against the producer making a complaint. Before the trucking rates - now this is kind of an old story and I'm not sure if I can remember the details of this Bill - but to my knowledge before a trucker can increase his trucking rates, that rate has to be filed with the Commission and with the producer and that's what we were very insistent on, that this rate be filed with the producer rather than a trucker or a dairy going from one producer to another and saying, "Here, this will be the rate and if you don't like it, you can lump it." I believe that the Bill as is written now is reasonably fair. I think perhaps we did leave out one small segment which wouldn't be very important in very many cases but -- .

FROM THE AUDIENCE: Doesn't that say a producer or an organization may make a request?

MR. ANDREWS: I think that's right, Stet. Now, if a producer should lose his market due to the fact that he complained to the Commission about his hauling rates , that should be brought up to the Commission and the dairy association which he belongs, and I am very sure that it could be straightened out and it should be straightened very quickly.

FROM THE AUDIENCE: While this Bill was being processed, I believe I gave Senator Hilton a copy of the contract that was brought to me. In other words, we use to have a company that hauled our milk for 20 cents a hundred. Just about a year ago this fellow brought a contract to all of use producers which (...inaudible...) which we had to sign which allowed them to get 45 cents a hundred for hauling. In our case, the hauling is about five miles. In fact, three producers in the area is two miles. They gave us a choice - sign it or not, as you want. "We can get plenty of producers". Actually that Bill hadn't been passed at that time but I gave Senator Hilton a copy of it and I talked with Mr. Steele several times about this and there's no question that he would probably hold a hearing if I asked him to but I know very well that I would be off the Maine market if I had opened my mouth. There are things I would like to say here



today. Probably this is bad (...Inaudible...) It doesn't make any difference, I don't believe that this is right. I believe that the Commission should have the power to investigate these things and you say the Bill is in effect now? (...inaudible...) was passed but there's not much that we can do about it.

MR. ANDREWS: This rate was increased before the Bill was passed, you see.

FROM THE AUDIENCE: This rate was increased before the Bill was passed, yes. Yet we are still paying 45 cents a hundred (...inaudible...) and yet this dairy bought a new truck and charged 45 cents a hundred and we have to take it or leave it, one or the other. It seems to me something can be worked out on this because this means that the average farmer with a fifty head of cattle is paying \$150 a month more he has got to pay for hauling this milk and with this type of situation and the rising cost of living that we are facing on the farm today, we can't stand this unreasonable rate. Oakhurst is hauling from here to Portland for the same money and yet we pay this for hauling milk five miles. It just doesn't make sense. Somewhere along (...inaudible...). This committee here today - I think they should take every means that they can to help these dairy farmers out because

we never (...inaudible...) such prices as we are today and certainly if I have to produce milk any cheaper, there will be an auction sign go up on my door. I don't think the consumers pay too much for milk but I believe the spread between the dealers and the producers is far too much. The producer that produces milk for 9, 10, 11 cents a quart and is sold on the market for 27, he is getting more of a spread (...inaudible...) Something is radically wrong.

MR. ANDREWS: I agree that this trucking rate sounds unreasonable to me. If you're milking that many cows and it's not being hauled any further than you say, it sounds unreasonable. I'm not going to comment on the spread between the producer and the dealer because I don't feel that we know any more about their cost of processing this milk than they probably know about ours. But, I certainly don't think the consumer is being overcharged for milk and I do feel that we should be getting more for milk than less. I would like to have that clear.

MR. SHAW (From audience): I would like to ask a question. You said that this committee should leave the Maine Dairy-men (...inaudible...)

MR. ANDREWS: I didn't say that. You quoted me, Dewayn, several times today things I didn't say. I said that I

thought they better leave well enough alone. I didn't say they'd straighten it out.

MR. SHAW: Well, what I am trying to say is - . So, you said leave well enough alone. What in hell's the difference? Okey, let's leave that part, but I don't think there's a man on that committee that wouldn't raise the price of milk 2 cents a quart but you say leave it alone, but you won't let the Maine Milk Commission raise it 2 cents a quart.

MR. ANDREWS: Now, just a second. I am talking about our program. A Maine Milk Commission against a federal order. Now, what we do about raising the price of milk or lowering it are two different things. We can come in with testimony and if that testimony's strong enough, we can raise the price of milk.

MR. SHAW: How much more testimony do we need than we had last fall? We had a Bill for two years straight in a row and we petitioned for a 2 cent raise in the price of milk and you fellows fought it right down. Wouldn't even give us a hearing.

MR. ANDREWS: Now you wait. I don't know who you're talking about, "you fellows". I don't want to be included in anything worse than I am already included in.

MR. SHAW: I'm talking about the Maine Milk Commission for one.

MR. ANDREWS: But there is times - and I agree that you mentioned here that the Maine Dairymen's Association came down here to cut the price of milk. I agree. When you got too much of something and your neighbor has got too much of it, too, and you both want to sell it, you've got to get on a bargaining basis. Now, the situation right now is different than it was when you refer to. Everybody's a hero when they come down here and fight to increase the price of milk. I've known fellows to come down here and fight to increase the price of milk when there was milk running right out of our eyes and ears. It would have been the most unlogical thing to do that we could possibly have done to raise the cost of milk, regardless of what kind of a situation we were all in. If you just out-price yourself on the market, you're in a bad spot. But that fellow still could have been a hero when he said that milk should go up. We all know milk should have brought us more dollars but if there was so much of it that we couldn't sell what we already had for a good percent of Class 1, it would have been a foolish move to increase the price of the Class 1. Right now we're in a different situation. Everything is on the up and milk is on the down.

MR. SHAW: Why should we take a 2 cent cut in milk (...in-audible...) ?

MR. ANDREWS: I don't think we should take a cut in milk.

MR. SHAW: We did (...inaudible...)

MR. ANDREWS: Alright, this reaches back over and far beyond the Maine Milk Commission and you can condemn the Maine Dairymen's Association, the NEMPA all you want to but those two organizations fought very hard and petitioned Washington for an increase. There's other folks here will substantiate what I'm saying - and our Secretary of Agriculture felt that it would be a bad move. Now, also the Maine Dairymen's Association is on record as such times that the other dairy organizations in the northeast will petition for another hearing, and I believe that is also under way, that we will petition for an increase in the price of milk.

Now, you say you can't fight city hall. It's quite a lot easier to fight city hall than it is the federal government. Now, I think that we all feel that it's important to get more for our product. This is not in Maine only, it's all across the country. Wisconsin is one of our bigger dairy states and they feel the same way. Some that are going out of business just have decided to forget it. They're going to do something else. They're not going to fight this situation. It's a good deal like a man ready to retire. He's fought his business all his life, but he's

going to retire and he's decided he will go on social security. He's going to stop fighting. He's going to sell out and he's going to take what his business is worth and he's going on social security. There are a lot of dairy farmers in that same predicament. It don't mean that we should give up our fight, those of us that want to continue in the dairy business. Now, as you fellows know, we produce quite a lot of milk and we're more interested, perhaps, in survival than some smaller dairymen but the bigger you are in size - it don't make any difference whether you are in the dairy business or some other business - the percentage of profit or margin is small, in most cases, and if you lose, you've lost bigger. There is a lot of family farms going out. What a family farm is today, I don't know what the definition is - it's a farm that those farm people have live on perhaps maybe several generations and it may be due to the size of their farm or the quality of their farm or the location that are going to drive those people out of business. They may be near a city where housing developments are crowding them. The quality of the farm, the land, terrain, may be that they can't mechanize like some other farms can or they may not have the kind of management in this generation they had in the previous ones. There's a lot of reasons and it's too bad that

these farms have to go out of business. If they want to go out of business, that's something different. Everybody has the privilege of selling his farm, if he wants to, it's his property. But you can't - now, we might as well face facts. There is no price for any product that you can keep everybody in the business in business. The most efficient is the ones that's going to stay. That's about the size of it.

Now, we talk about cost of production. We've got to get the average cost of production. We can't get the cost of production for every dairy farmer in the State of Maine.

MR. SHAW: (...inaudible...) You said that you petitioned Washington for a raise in the price of milk. If we aren't on the federal market, why do we have to petition Washington for a raise in the price of milk in the State of Maine?

MR. ANDREWS: Well, we agreed here a few years ago that we would keep our prices in line with milk prices over the northeast. I won't say just how much. There's other fellows here that can answer this question better than I can. But I believe now that we're getting 47 cents a hundred over the Boston City plant price. Now, the Boston City plant price is governed by federal order prices. In order to get that up, it's a necessity to get the prices up in the northeast, and that has to be approved by the

Secretary of Agriculture. There's a lot of things I don't understand but - .

MR. SHAW: I still can't see why milk can't go up 2 cents a quart in the State of Maine and Maine farmers get 2 cents more for their milk. I mean, if milk is higher in all these other states than it is in Maine, why should Maine have to be the only - .

MR. ANDREWS: It isn't, Dewayn.

MR. SHAW: You say it is. I say - I can prove - .

MR. ANDREWS: I didn't say it was.

MR. SHAW: I can prove that these other farmers in many different states (...inaudible...) get \$6 a hundred for their milk. Here we are getting \$4.70 and \$4.80. You say that's not true, but it is and I can prove it. (...inaudible...) say our milk is 27 cents but how about in New Hampshire and Connecticut where milk is 29, 30, and 31 cents. Why can't our milk be 29, 30, 31 cents?

MR. ANDREWS: My next door neighbor averaged about 60 cents a hundred more for his milk than I did for mine.

MR. SHAW: He's on a base program.

MR. ANDREWS: Well, no I wouldn't call it a base program. It's on a - . He's shipping to another company. We've got to take the general milk prices and if we've got a problem with our individual company, I think that's a producer problem.



MR. SHAW: There is no problem as far as our companies are concerned. You know that as well as I do. The price of milk is too damn cheap regardless of what company you're shipping to.

MR. ANDREWS: The Class 1 price of milk over the country is probably some too cheap, that's true, but right now, probably in the last few months, and there again I am quoting from the articles in the farm magazines, that we're seeing the biggest changes in the milk industry over the United States that has happened for a darn good many years. Now when cheese milk - the processors of cheese - are soliciting producers of Class 1 milk in the mid-west and will pay more for milk to process into cheese and the by-products than the price is for Class 1 milk, then milk is scarce and the situation has changed tremendously. Now, I think you folks should keep that in mind and think about a method of keeping the production of milk here in Maine as high as it is, rather than think about a method of lowering our price, or our pricing program, I should say, so that we might end up with being an importing state. Now, I wouldn't say that that will come to pass for a while, but with high price industry and enough dairy farmers going out of business, it could happen. Now, the price of a product is what keeps the production up. You folks know that - it don't make any difference what you produce.

Now our particular area in Fryeburg has changed in twenty-five years from a crop area - sweet corn canning, factory corn area - to a dairy area. Now it's changing back from a dairy area to cash crops - string beans, dried beans, for canned baked beans, shell beans. Now that whole thing has reversed itself and our land values have tripled in the last two years. This is not an exaggeration at all. They've gone from \$50 to \$100 an acre, from \$250 to \$300 an acre and that land is in demand not only from growers in the State of Maine but outside the State of Maine for the production for these different kinds of beans and potatoes. Now these potatoes are processed potatoes. Now, it's quite a temptation for these dairy farmers in that area not to sell or lease or do some business with these processors other than dairying. Now, this situation is something different in the last year than it's been for a long time, or since I've ever been in farming. I think we had better take a long look at anything that might be detrimental. I don't disagree with these gentlemen. I'm not saying milk is high enough, don't get me wrong, I certainly don't. It's not high enough. But we don't want to do anything or change our programing so that it will be any lower.

I appreciate your time.

CHAIRMAN CARTER: May we have a show of hands of how many more intend to speak before the committee? I think possibly it might be a wise idea if we took a break for lunch for an hour - or a half hour. Which would you rather have? We will be back at 1 P.M.

(AFTERNOON SESSION)

WILLIAM DOWNING: My name is William Downing. I am employed full-time by New England Milk Producers Association and have been for the past fifteen years. I reside here in the State of Maine. Our association has represented producers as a bargaining cooperative for some over fifty years. Inasmuch as I'm not being sworn - I do intend to tell the truth as to what I say.

I think that probably one of the things that I hoped would come out of these hearings is a better understanding of the dairy industry. I think that perhaps the amount of misinformation, the lack of understanding, the lack of knowledge of this industry, not only by the laymen, legislators, but also by producers. I thoroughly agree with Mr. Shaw's statement that he thought that probably about 99% of the producers didn't understand the pricing of milk.

I think that before any real constructive thing can come out of this, I think there has to be an understanding about this pricing business. And when I speak of misinformation, different people give different interpretations. This applies to the inspection and also applies to other information.

I'm going to try to go down through the list of items in the order - in the original order - because I think that the hearing notice covered practically all of those. The first one is that "whereas there are only 2,300 dairy farmers left in the State of Maine, which is the core of the \$90 million industry of vital importance to the economy of the State and that much discrimination exists among this group, inasmuch as there are 800 in the Maine market and 1,500 in the Boston market.." I want to stop right there because -- .

CHAIRMAN CARTER: Mr. Downing, if I could interrupt. Would you speak closer to the mike as some of the members can't hear you.

MR. DOWNING: While perhaps these figures were relative at the time this was written, they must have been reversed because the figure would be 800 probably in the Boston market and 1,500 in the local market. So that right in the order there is a misapprehension or misinterpretation

of figures which are available here in the State House. At the present time, in the month of April, the latest figures which I have for the State of Maine would show that there are 955 in April of '65 and 846 of April '66. This is the Boston market. And in the Maine market there was 1,091 in April of '65 and 1,029 in April of '66. Now this is a decrease in the Boston market from one year to the next of 4.4%. These are the federal market administrator's figures. In Massachusetts the decrease was 6%, Vermont 5.9%, New Hampshire 3.5%, while in New York they had an increase of 7% shipping in the New England market. Connecticut had a decrease of 8.1, Rhode Island had a decrease of 4%. The average for all of the state shipping in this market was 4.2 during this twelve month period. Now Maine's shrink during that period in the number of producers was 4.4, which would be just about the average so that Maine's producers are not going out of business any faster than they are in other areas. It is pretty typical.

I heard the comment this morning that there was 11% loss of producers in Maine in the last twelve months. This is just about the difference for the federal order markets for New England for the last twelve months because there were 10,123 producers in April of '65, and

in April of '66 there are 8,938 which is about 11%, so that I would say that the number of producers that shrink in the federal order markets of New England, Maine was just about the average.

Now New York shows a substantial increase. The reason why being that as milk shrinks in New England, the supply of milk is New York State. So when a dealer needs more milk he goes into New York State and takes in more producers so that the reason New York increased doesn't necessarily mean that the producers in New York aren't going out of business at the same rate they are other places. But in this market it shows a different trend because the New England market price is higher than the New York federal order price, therefore these producers will shift very readily to New England markets as soon as they have an opportunity, same as Boston shippers in Maine shift to a local market in Maine whenever they have the opportunity.

Now the next part of the first one was that the Maine market gets 47 cents more than the Boston market. Now there is no one - no one - I defy anyone who can say how much more a producer in the Maine market gets than a producer in a Boston market gets. Every dealer in the Maine

market has a different blend price from every other dealer, depending upon the amount of surplus he carries.

And when I say "surplus", I am referring to .....

(At this point in Mr. Downing's testimony, the tape on the recorder broke. Mr. Downing continues..)

.....This is not what is going to put the dairy farmer out of business because if H.P. Hoods is buying milk in Vermont or New York State and they are going to be certified and the agency doing the inspection is going to continue to exist under the Public Health Service Department, they're going to have to get in line. I don't want to say too much about that inspection. I know it's a headache and it has caused a lot of hard feelings but I feel that Maine has made some quite strides in this area. As far as having a Massachusetts inspector come to your farm, under the laws of the State of Massachusetts your farm has to pass Massachusetts inspection if your milk is to go to the State of Massachusetts and as long as they continue to send inspectors out to inspect the farms and they are not inspecting on the basis of the Public Health Service standards, there are going to be variations between what one inspector requires and what another inspector requires.

When we come to trucking rates, this is a very difficult area. Somebody asked Mr. Andrews or Mr. Jones what the Maine Dairymen's Association had done about trucking. They cited a Bill passed by the last session of the legislature. I think that perhaps we have been a little closer to it than that. Twenty-two producers in the Augusta area, starting the first of March, got their trucking rates put onto a sliding scale, both as to distance and quantity of milk handled, at a savings to those twenty-two producers of some over \$13,500 on an annual price - just the twenty-two producers. There have been substantial changes in rates at Hoods-Auburn as a direct result of these changes which we negotiated at Augusta. I feel that in many instances these trucking rates can be negotiated with an independent trucker or with a dealer, but you do find the wide variation in trucking rates, I believe, with smaller, local dealers who own their own trucking and haul their own milk and pay substantially higher prices than a producer can find for a market any place else. In some instances, a private hauler was hauling this milk and the dealer bought his own truck and the producers had to pay an increased price for hauling their milk in that truck. It's not very easy to say that that dealer can haul that milk for 20 cents



because the other trucker was hauling for four or five dealers. Maybe his truck was picking up three or four loads of milk a day, handling five or ten times the volume of milk that this smaller dealer was handling.

I think the area here that we have to get into to determine the fair trucking rate for this individual dealer is that you have to check into his profits and his costs and also the use that he makes of the truck. Now it is entirely possible that the reason why this dealer bought a truck and went into the trucking business was because he didn't have holding capacity in his plant and he wanted to use this truck as a holding tank as well as picking up the milk and that maybe there were days when he was a little short of milk and if he had his own truck he could run out to the farm and pick up what milk he needed. But when you come to do a cost study on his trucking, you're going to find that his trucking is substantially higher than the trucker who keeps his truck on the road twelve hours a day and hauls three loads of milk, whereas this other fellow never gets a full load. So I think that before we can talk too much about the cost of operating the trucking or hauling the milk, you've got to do individual cost studies on each dealer's trucking operation

and in the cases where we have done this and have started doing this, we have gotten some adjustments.

Not trying to intimate that the price of milk is good but this is the first time, really, since 1948 - the period in which Mr. Sanders picked as a base period when he talked about pricing - this is the first time since 1948 that we have come to any place near to the bargaining position for marketing milk that we had in '48. At that time, I believe, Class 2 milk was \$4 a hundred weight. This definitely gives you a much higher blend price than when it's \$3 a hundred weight. So far this year, the prices have exceeded last year. Now I'm speaking of - the same thing would apply on Class 1 and Class 2 prices in the Boston market and under the controlled area in Maine. January the Class 1 price was 22 cents above a year ago, February 22 cents, March 44 cents, April 66 cents, May 44 cents, and June 44 cents and the Class 2 price was 19.5 in January more than last year, in February 35.6, in March 47.1 and in April 37.3.

The estimates for the federal order markets are that blended price - the producer price - will average 47 cents higher this year than it did last year and this is without any prospect of the raise in price from July 1st on. I guess perhaps I've covered most all of those

things and if there are any questions, I will be glad to attempt to answer them.

REPRESENTATIVE CARROLL: What would be wrong with the dealer that has his own truck buying this milk, buy it right at the door? We don't care what he charges his business for trucking after he buys it right at the door.

MR. DOWNING: Well, under all the rules and regulations in New England that I know about - be they federal order or local market - the prices designated by the controlling agencies are for milk delivered to the dealer's platform. I didn't say what was wrong - .

REPRESENTATIVE CARROLL: The dealer owns the milk the minute he picks it up at the barn.

MR. DOWNING: This is one of the arguments of long standing since bulk tank pick-up came in. Before, the milk was delivered in cans to the dealer's platform, the dealer smelt of it and bought it or not as he saw fit. When bulk tank came in, somebody, the truck driver, whether he was on the payroll of the dealer or whether he was an independent contract trucker, has to smell of the milk, grade it, weight it, take a butterfat sample, and, in my opinion, performed a service for the dealer. But even though he was a contract hauler, he was the agent of the

dealer, in my opinion, because he left an invoice saying that he had bought for this dealer so many pounds of milk and the dealer's name was on the slip of paper. Now, this doesn't necessarily hold true that this milk belongs to the dealer because this spring one contract hauler that I know of has paid for two different loads of milk that he graded and picked up at the farm. The producer paid him to deliver it to the dealer and when he got to the dealer's plant, the dealer found the milk to be unacceptable and the trucker had to pay for the milk so it doesn't necessarily follow that this is the dealer's milk the minute it's picked up. This is a big area of argument here as to who owns the milk and where the dealer takes possession, but under any of the laws at the present time effective in New England - in New York it is a little bit different - the milk is priced delivered to the dealer's platform.

CHAIRMAN CARTER: We have a question from the floor, if Mr. Downing is willing to answer it.

FROM THE AUDIENCE: Does the federal order state that one farmer's milk intermingles with another farmer's milk if he owns the company?

MR. DOWNING: I never saw that language. I wouldn't know.

I can't answer your question, I'm sorry. It's my argument that the dealer would have hard work to give it back to the producer once he mixed it with his neighbor's. But in some cases the truck driver is being held responsible and has to pay for the milk if it doesn't meet the dealer's requirements when he gets to his plant.

FROM THE AUDIENCE: (...inaudible...)

MR. DOWNING: I can't ever having remembered seeing that language.

FROM THE AUDIENCE: Mr. Downing, do you figure the producer should be responsible for the dealer's use of these large holding tanks? Do you think the producer should be responsible for that?

MR. DOWNING: No, I do not feel that it is the producer's responsibility to pay for the dealer's holding tank. However, any time any person has a premium market for his product, be it milk or anything else, he definitely loses a substantial part of his bargaining power. And when a producer is shipping in a local market where maybe he gets 90 cents a hundred weight more than his neighbor shipping in a different market, he doesn't have too much bargaining power with his dealer. That's a cold fact. It doesn't answer your question very good, but that is a fact of life.

FROM THE AUDIENCE: Our inspectors (...inaudible...)

MR. DOWNING: These bulk trucks are built like thermos bottles and we find that in the old days when a producer shipped milk in cans, the milk had to arrive at the creamery at a certain temperature. The first thing the dealer did was dump these cans in a whey tank, mix them together and get a butterfat sample and then he recooled them before they were put into the railroad cars for transshipment to Boston. Apparently, since we went on bulk tanks - and one of the reasons why dealers wanted producers to buy bulk tanks is they were able to take out these large compressors. The milk doesn't have to be recooled at the present time. It comes out of these bulk tanks at sufficient cold temperature so that it can be taken to the plant, pumped over into a rail car or a trailer truck and is transshipped to Boston and when those cars are opened at Boston, there's only been about a 3 degree rise in temperature and this is in a twenty-four hour period.

Now many of the dealers are picking milk up at the farms, and you know them right in your own area. This milk is assembled this afternoon and it's delivered to the dealer's plant tomorrow morning and it's getting in there at under 40 degrees. This doesn't seem to be a

problem. The point that I have, the way I feel about it is that it is not the producer's responsibility to be paying for this truck to be used as a holding tank by the dealer but there isn't any problem on temperatures.

SENATOR REED: If I might ask a question. You said you agreed that 90% of the producers did not understand the present - -

MR. DOWNING: ..pricing structure of milk.

SENATOR REED: Do you think such a law or situation is good?

MR. DOWNING: No, I don't. I think that some kind of an educational program might well be adopted and at all of our meetings ever since the federal order came into being we have gone over this and over this and over this but in many cases there is a lack of interest in really finding out why and how this thing actually functions. That is, we're producing the milk and we can't bother to understand the mechanics of all the factors that go into a pricing formula. The federal government is operating the pricing formula and they're announcing the price and they're not interesting in -- . People who have worked in the industry, that is connected with this business, many of them don't understand all the ramifications of the federal order pricing formula.

SENATOR REED: One other thing, you seemed to clear up, or partially, on the inspections, and to make it clear in my own mind - by 1967 that every state will have the same federal inspections? Presently Maine might have it and another state might not have it?

MR. DOWNING: No, I think here again you haven't quite caught it. For those dealers who want to sell milk to these areas specified by the Public Health Service - and this is military installations and so forth, common carriers - that milk will have to come from dairies that have been certified. Now there is nothing that says if I'm producing milk here and selling it to Johnny Jones down the road and he's peddling it around here and he's not selling it to some place under the jurisdiction of the Public Health Service of the United State Government, that he's got to be from a certified dairy. Some states have adopted this Public Health Service standard as their official state's standards. Now here in the State of Maine it is my understanding that our present inspection laws almost parallel this, but there is nothing currently that says that a producer cannot sell his milk if he does not score 90 on the Public Health Service sheet but maybe he cannot sell it to United Farmers. If Oakhurst Dairy has requested certification from the Department of



Agriculture here in the State of Maine, for certification, and he says that he is only going to buy from farms that have been certified, then any farm that is not scoring 90 - and the farms have to score an average of 90 and their score is multiplied by the volume of milk they produce and so forth - I don't think we have to go into all this - but it's my opinion that before very long probably the federal government will extend this to cover anyone selling milk to school milk programs or school lunch programs because the federal government is contributing to the expense of running this program.

SENATOR REED: Well, I jotted down here 1967 - .

MR. DOWNING: It is suppose to be definite that the law becomes effective, right across the board, July 1, 1967.

This was started - .

SENATOR REED: Right across the board? Then it's not - .

MR. DOWNING: To be certified. Anybody that's going to sell to any of these places. But currently there are dealers who are saying that they want their dairies to score 90 now or they won't buy it and this is their privilege.

SENATOR REED: But by 1967 they are going to have to anyway?

MR. DOWNING: 1967 anybody meeting these things will be eligible to sell. Anyone who doesn't meet these requirements will not be able to sell to these places which are

coming under the Public Health Service. Not that I'm selling milk to Johnny Jones down here. Not everybody is going to have to score 90 in order to sell milk under the present conditions because they may not be selling to a dealer which will require this. But if I was a dealer and I was selling milk and I only bought from good farms and my plant and everything came up to a score of 90, I would advertise that I only handle milk from certified dairies and that my milk was all from certified dairies and Johnny Jones' over here, who can't say that, he's going to get on the ball and say that he's only going to buy from certified so I'm sure that all dealers are going to require that their dairies be certified.

CHAIRMAN CARTER: Any other questions from the Committee?

Mr. Downing, I would like to thank you very much for your enlightened testimony and I am responsible for drawing up the order and didn't question the veracity of the figures used because I cleared them with the State Department of Agriculture in Maine, but I see from your testimony that I should have consulted you rather than the Department.

MR. DOWNING: I didn't mean to infer that your information or your source of information was not right. I think the interpretation of the information is wrong, and that

is one of the reasons why I am trying today to be specific about these certain things is so that the interpretation is accurate. Now, the 47 cents is a perfectly valid figure in the right place, but as used here it's not valid and I think the 1,500 and the 800 are the right figures but I think they are reversed. I think whoever gave you the figures gave the figures right but they're reversed, that's all, and this is very easy to do when you are doing anything, is to reverse figures. But they were not accurate at the time as used.

FROM THE AUDIENCE: While you are talking about this 15 and 800 here - you went on a little further to explain that you thought there was probably 1,029 as of April of this year shipping in the Maine market and probably 800 and some odd shipping in the Boston market. Now, if there are suppose to be 2,300 producers in the State of Maine, what happened to the other 400 then?

MR. DOWNING: I am afraid I didn't use the figure 2,300.

FROM THE AUDIENCE: You did - well, you probably quoted it from his information but you mentioned the figures 15 and 8 being reversed and 15 and 8 is 23.

MR. DOWNING: In April 1st of 1965 there were, according to my figures, and this is for those producers shipping in

the federal order from Maine and shipping in the Maine market from Maine, 2,046. There are a few other producers who may be shipping in uncontrolled areas of the State which are not included here but it would be minor. This year the total figures under the regulations of the Milk Commission and federal orders would be 1,875.

FROM THE AUDIENCE: Okey, that clears that up. Now one other point on figures. You said you thought the rate of selling out was frozen at an average of 4.1% which would keep Maine approximately with the rest of New England. Now in this petition that was submitted to the Secretary of Agriculture, you've got a figure of from 11 1/2 to 13%. How do you get this to 17 here?

MR. DOWNING: Quoting the figures on the changes from April of '65 to April of '66, these figures were for the year, for the twelve month period. I said that currently, month by month right now, the producers are going out of business at the rate of 13 1/2% per year so that the figures next year from April to April should more nearly reflect the 13 1/2%.

CHAIRMAN CARTER: Any other questions? Thank you, Mr. Downing.

MR. DOWNING: Thank you.

STETSON SMITH: Mr. Chairman, Members of the Committee, my name is Stetson Smith, Executive Secretary of the Maine Farm Bureau. We have about some over 1,700 members. Part of these, probably 800 or 900 are dairymen, part of those are Maine shippers, part of them are Boston shippers. I couldn't give you the exact division. We have represented -. We are a general farm organization. We have represented our members in the legislature ever since we were organized fourteen years ago and among the issues that we are familiar with is milk legislation, Milk Commission and so on.

With respect to the cost of production, which has been discussed at length here, I would simply like to give you these figures which were provided me by the Department of Agriculture at the University of Maine and they try to measure what's happened to dairy farmers' costs by what they call the dairy farmer's cost index for the State of Maine and they start with a base of an arbitrary figure of 100 for 1935 to '39 period, based on what the costs were then. They use 100 for a basis of comparison from then on and from the period to this the cost has increased to a total in April of this year of an index figure of 318.2 compared to 100. That's 318% increase.

The items that they put in there are items like feed, taxes - all of the ordinary costs that a farmer has, but they do not have major cost of overhead like land, which Phil Andrews mentioned this morning and this is a big item. The cost of the buildings is a big item and these are increasing. From the standpoint of the consumer's interest in this during this period of time when the farmer's cost is going up and when he has had his first significant increase in price this year, here is what has happened so far as the consumer is concerned and he has a legitimate interest and you represent his interests as well as the producer's. But these are national figures. Many minutes of work are required to earn the price of one quart of milk, and delivered at homes it took twenty-five minutes in this country to pay for one quart of milk in 1890. It took six and three-tenths minutes in 1962 so that while the farmer has been experiencing an acute cost price index squeeze, as you are well aware, the consumer has constantly improved his position and he is buying milk in terms of his purchasing power cheaper than he ever did. Now I haven't got the figure for '66 but the relationship would still be approximately the same, I am sure, as far as the consumer is concerned. This may change if we have a shortage of milk and it is to the

consumer's interest not to have a shortage of milk - it is to the farmer's interest not to have too much. You could do well if you could balance those two and this is where we get in trouble with the federal order because the federal order is oriented to the public in that it says we must have an adequate supply of pure and wholesome milk. It is not actually primarily concerned with price, although it performs that function.

Now, I would like to express to this committee, because you are representative of the legislature, appreciation of some things that you have attempted to do over the years. You did, at the request of producers and producers' groups, pass legislation to give the Milk Commission authority to require dealers to pay for their milk because, ironically enough, although they could establish the price in the State of Maine that a dealer paid, they could not make him pay for the milk until a Bill which was passed in the last session which would attempt to give the Milk Commission authority in this area. You did pass in the last session an interstate compact. This at the present moment - there are reasons I won't go into to why this wouldn't be useful at this moment, but it was requested by producer groups and producer interests to allow, specifically, Vermont, New Hampshire and Maine to

collaborate in the area of milk problems and milk pricing, if approved by Congress. You did pass legislation to strengthen the Milk Commission's authority to deal with the matter of hauling prices in this State and we hope that this added authority that they have will be useful. You have, so far, maintained the Milk Commission as an instrument for the stabilization and benefit of the dairy industry in the State of Maine and we do not believe that it has worked to the detriment of the consumer. The consumer's purchasing power has certainly fared better over the years than the dairyman's has. And I will agree with the point that Phil Andrews was certainly trying to stress here, that we - . I have expressed here, sincerely, appreciation for the support which the legislature and the dairy in Maine has given the producers but we understand this process. We know that the legislature can do things to us as well as for us. We know that the Milk Commission is a highly controversial issue. We know that there are people sincerely differing on this issue so that it has been a critical issue in the legislature and I would today plead with you as a committee dealing with this subject to continue to support the Milk Commission as long as the producers believe it is an instrument which



is useful to them and not detrimental to the consumer.

Thank you very much.

DAVID KENT: Mr. Chairman, Honorable members of the Research Committee. My name is David Kent and I am from Benton, Maine. I have been associated with the dairy business ever since - well, brought up on the farm and I studied dairy science four years at the University of Maine. I graduated a year ago this June and now, instead of going into the dairy field which I was very interested in, I am working in the poultry field, for obvious reasons. I think you've heard some of these reasons this morning but I would like to reemphasize here and perhaps offer a couple of solutions that may or may not work but will probably need further study.

The first thing that bothers me the most is this trucking situation. Now the way it is now there is no control over what price anybody can charge for milk at a producer's farm. A dealer can charge any rate that he sees fit. Now, this is fine but they are very unreasonable and the producer himself has no way to react against these prices. A little while ago a gentleman mentioned about at one time he was charged 20 cents a hundred weight and now he is charged 45 for milk being hauled relatively

three or five miles. Now this is over 100% increase. The dairy isn't a large dairy but I am certain that if the thing was studied they could have bought their own truck and hauled their own milk at a price much more reasonable than this but they didn't for two reasons. One is that they knew the producers do not have anything to say about it and the other is, that they realize they could make quite a sizable profit on the side besides the profit they make from selling milk to institutions or to consumers. Now the quip that they have is this. So the producers get together and say, "No, this is unreasonable. We know you can do it at a more reasonable rate." "That's too bad. There are plenty other producers that are getting so much less a hundred for their milk shipping to Boston. We'll take them on. They'll be glad to come on. They'll be glad to improve themselves." This point alone discourages me because I didn't think that I wanted to get involved in a business that has this type of things going on underneath the table.

I propose one or two situations to solve this. One is that the Maine Milk Commission have authority to make the dealers charge certain prices and buy the milk at the farm. In other words, when they pick up the milk at a farmer's bulk tank, that's their milk - that is part of

their expenses - trucking the milk is part of the dairy's expense. It is part of any other industry's expense to buy supplies to operate with. Whether it is mobile homes, automobiles, or any industry that has to have supplies to operate with, they bought them. When they buy them the transportation charge is included in the charge that they buy their product for and I think this should be the same way in the dairy business.

Now, the other thing is perhaps the farmers should get together and own their own truck and truck the milk themselves. Now, at lunch hour I talked with Mr. Andrews about this and he objected because of this reason. He said what about the fellow that lives on the dirt road and he produces 300 pounds of milk and so on. It's going to be cheaper for the dairy to not go and pick up this milk. He can get other milk at a larger quantity on a black road. This is true. This is very true but any industry has to operate by the laws of economics and when they do this they have to operate at a profit. Now, it isn't the dairy's fault, it isn't the other producers' fault that this one individual is out of the way. He's not at an economical place for the dealer to buy his milk. Now, he's got to do one of two things. He's got to produce more milk or he's got to get into another area. But you

can't satisfy every particular individual in this thing. This is a big business and we've got to operate it the way you have to operate a big business and make it to earn a profit.

Now, there is one other thing that discouraged me, too, and this is the way the milk dealers are protected here in the State of Maine. Number 1, they have the price set from what they sell at a consumer level - they have a minimum price. Number 2, they have a minimum price that they can pay the producer. They use to have their trucking, - they could charge whatever they want for trucking. They also have the two markets split. The Boston market and the Maine market which is, on the average for the State of Maine, is quite a difference, I think, if anybody had a chance to get the right figures. Now, if any one of us in this room were making a choice from either dairy farming - producing the milk - or processing the milk and selling it, I think most of us would choose the processing of milk because we have much greater protection.

Now, this inspection thing also isn't what it should be. We have people that I'm sure their intentions are right to set up so that every consumer gets a good quality

quart of milk. So they sit down and they have meetings and they try to make rules and regulations that are going to improve this but do all of them actually improve it? Do the people that make these decisions - are they connected in any way with the dairy situation actually? If anybody took a list of these inspections and read each one down through, could they honestly say that each particular item that is required in this inspection would improve the quality of the quart of milk that farmer produced that day or any day, or on the average of any day during the year? I think if most people read these down through, they will find some of these that just don't add up.

Now, there is one other thing on these people that make these rules. They get paid. They have a relatively good salary every year or they wouldn't be doing it. But there's one thing that doesn't enter into this that perhaps affects the quality of their judgement and that is - it doesn't make any difference whether the dairy industry or whether the particular individuals involved make a profit or they are at a loss at the end of a year. They still get their salary every year and perhaps an increase. But if this same individual was perhaps manager and so on

of a particular business, would he not make his decisions more wisely perhaps because, if he did not and the particular company that he was working for - or concern - and the company did not do as good or did not make as much profit or perhaps operated at a loss, I am certain that his job security wouldn't be as great as his job security is working for an association of some kind that - or as a federal inspector or whatever the job may be - that makes up these rules. He is not connected directly with the problem. He doesn't actually know. It sounds good to him, so make everybody do it.

And there's one other thing and that is these dairies say, "Okey, I'm going to have all my producers score 90." Okey, this is very good. This is the best for all if all these inspections improve the quality of the quart of milk.

There's one other thing. Say a particular individual needs to have a few improvements. Okey, but we have to allow him time to make these improvements because he doesn't have income enough to all at once make a sudden large change. You can get the same answer if you are working for a large company and you have a few gripes and you say, well, perhaps we think we ought to have larger salaries

or we think conditions ought to be better but this is what they will say to you. "Until we make more money, we can't do more for you." And this is the same way with the dairymen. Until he realizes more money, enough to pay for these things if they are going to improve his quality of milk and if he puts out a better quart of milk, he also should get a better price for his milk.

This is about all I have to say. Any questions from either the committee or the audience?

CHAIRMAN CARTER: Any questions? Thank you, Mr. Kent.

MR. KENT: Thank you very much.

CHAIRMAN CARTER: Are there any others present that would like to testify on the subject?

CLAYTON GAY: Mr. Chairman and members of the Research Committee. I'm a producer of milk. I'm like many other speakers here today. I actually own cows and I do milk them and so forth. I've been very much concerned with the trend in the dairying in the last few years as a great many people here have spoke about and I'm sure the critical problem here, as someone else mentioned, is producing an adequate supply of milk for the needs of the people, and quite obviously the dairyman is in trouble, and in serious economic trouble all over the nation and, of course, any-

thing that can be done to improve the economic climate for the dairyman is not only our duty but your responsibility as legislators, as I see it. For me to get up here as a dairyman working fourteen to sixteen hours a day and tell you how to solve all the problems of the economy would be absolutely absurd. The average dairyman, the farmer back here on the soil, spends too much of his time and energy producing the food to also shoulder the responsibility of the administration of policy for marketing or anything else. It's absolutely impossible for him to step forward and offer you solutions. However, I think you must realize that it's absolutely imperative and it's got to be done now. We've already lost more cattle for the high price of meat and other farm foods. It has been very easy for a farmer to go out of the dairying business for something else. In fact, he's a damn fool if he hasn't gone. But there's many of us that enjoy caring for cattle and we feel there's a need for milk. After all, they're still raising more and more babies every year to feed this milk to and where is the milk coming from if something isn't done? I don't think there's a segment of agriculture or industry or anything else right today that is in any greater need for assistance from some level than the dairy business. I'll probably continue



on as a farmer even though a great many of them will drop out. I have one of the most efficient dairy farms there is in the State and probably in the United States. We produce over a million pounds of milk per man down there and we're getting by, but I wouldn't be getting by with just my cows. We have blueberries and pulp wood and we also retail our milk. I take it to a local processor and he processes it for me and I bring it back and I deliver it myself. In other words, I have been forced to integrate into somebody else's business in order to make a living. We're milking about 100 cows and we should be able to get a living. I've got two boys that are 16, 17 years old and another one younger and an operation of this size should be able to exist and produce a reasonable return to maintain a standard of living comparable to the rest of the country in order to continue and it can't be done with cows alone. In the last two years I've cut off my pulp wood stands. We own 1,300 acres and trying to keep up buying time to stay on the farm.

My wife and I took the first vacation this spring that we've taken for seven years. We've worked seven days a week ever since we've been married and we went all down through New England and into Washington, D.C. and I went

down and talked with some of the boys down there. It was quite a waste of time, actually. You get pushed from one committee to another but - . I see the dairy business in the light that we're about a million cows short in this United States right now of producing the dairy needs. When I speak of dairy needs, I'm talking about Class 1, Class 2, Class 3 - you name it.

Now, there's a lot more - when a quart is being produced and sold for food - it doesn't make any difference to me if it's sold in the form of cottage cheese or ice cream or buttermilk, or what it is - it's being sold and why should they label something surplus when every drop of it is being used? And when you take a surplus product, if this is what they want to call it, and they manufacture it into cheese, or skim milk or fat free - this is the trend today is to get a high protein, low fat food, if it comes from the dairy business or wherever it comes from. It has to come from these cows and I think the thing they're losing sight of here is the gimmick they're using with this Class 2. I mean, it has been shown in Wisconsin - out there the producers of cheese are going right by the Class 1 users and are competing with these Class 1 users for the producers. They're paying the producers more for the milk to make into cheese than - . So this proves

that they can pay a bigger price for this Class 2. Now, I think there should be a better price for milk. I'm not interested in producing milk at below cost of production just so somebody can get fat off of a so-called surplus. I mean, this is a ridiculous point of view, I believe, that I think is being overlooked.

But I won't take up much of your time here. The thing I want to stress is that if you're going to do anything, you've got to do it and you've got to do it right away. Practically every - my wife and I visited probably two hundred dairy farms on our trip here and I never talked - the first man I've heard in recent years to come anywhere nears close to it is the fellow that spoke here this morning that said he wasn't by no means in Johnson's poverty level here with his dairy farm. I don't know what kind of a dairy farm he's got but if he wants to go down and push a pencil on just his cows and on the price of milk right now and figure it right out, he'll find that he couldn't live with cows alone.

Now, most of the guys that I know, like myself, the reason I haven't gone out is that I feel that with more and more producers going out of business, the thing is bound to get better. Now a lot of men that talked here

today, I believe they want to see more go out because this in turn will make their position better. This is something you don't want to lose sight of. The more dairymen that go out of business, the better it will be for those that are left on the basis of supply and demand.

But I haven't got any notes - there's a million things I could say about this thing but you realize that the cattle business is something that you can't build up and turn on and turn off overnight. It takes about three years to make any substantial increase in the number of cattle while they're producing milk and last year's replacements are already way down below what it would take to bring us up to the level that we are this year, so that next year - it is already certain that next year is going to be drastically below in cow numbers what it is this year and we're already in trouble as far as producing an adequate supply of dairy products when they're in a position where they feel they have to import dairy products from other countries into this nation. A lot of these dairymen, out of state, are in the borders of urban areas where the population is running over into the country and they are building homes on the farm lands. In fact, you go down through Connecticut and the best crops they got down there

is apartment houses in these farms. You see an old farm building sitting up on the hill and all the fields are full of apartment houses. This is a trend that is rapidly increasing.

As far as the economic importance of dairying in Maine, they talk about a \$90 million business here now. This is peanuts to what it could be if you could establish a favorable economic climate for dairying in Maine. It's inevitable that the land in this country - with the population explosion and so forth going on today - it's inevitable that more and more dairy farmers in other states are going to go out of business just simply because of the fact that they can't afford to farm land that is worth two or three thousands dollars an acre and that's not a myth. I've got a friend in New Jersey that's waiting for his land to reach \$2,500. They offered him \$2,200 an acre for it this spring and as soon as it gets to 25, he's selling out. His neighbors have all gone out now.

Well, the nation is still going to need milk. We have low price land here in Maine by comparison with the rest of the nation. We've got the potential to produce several times more amount of milk than we are producing and if you can make the economic climate in this State - even though it does surpass your neighbor's for a time - I think

you will find if you can stimulate the dairy business in this State or at least keep the fellows you got in business now in business, it will be even a much more economical thing in the future than you can even dream of because this milk is going to be needed and this is one thing that can be done here.

There's been a lot of talk on economic development - bringing in outside business, factories, and so forth. The climate here isn't favorable for this. We haven't got the labor and so forth in Maine in many ways but we do have vast acres of land that could be developed for dairying and if the climate was economically favorable, I'm sure it would blossom into a much bigger and better business and be a real worthwhile thing.

This is the angle that I wanted to bring out more than anything else. That you've got to do something.

Now, these technicalities, the trucking and the prices, and so forth. The thing that I would do is throw the Class 2 out the window and set a price. You can't do this by Maine alone. It's got to be done nationally and it will be. Eventually they've got to have some kind of a system whereby you can encourage farmers to stay farming because, after all, food is the sustenance of life and if you

haven't got the food, you're not going to live. The farmers themselves aren't going to step forward and tell the legislature or anyone else how to run their business. They've got their hands full running their own.

Thank you.

CHAIRMAN CARTER: Could we have your name for the record, sir?

MR. GAY: Clayton Gay.

REPRESENTATIVE CHILDS: Mr. Gay, do you feel that the dealers have the same economic problems - talking about the financial problems - that the producers do?

MR. GAY: Yes. I don't think there's anyone getting fat in the dairy business. I think the processors are probably - and the dealers - are in a position where they aren't forced to be absolutely efficient. They have a little bit more leeway. They have a guaranteed markup which we don't have. There's a great difference in the efficiency of dairymen. One dairyman is - I claim that, my feeling is that the dairyman that is in business today after some 40% of them have been forced out of business due to economic reasons - the ones that are left now certainly should be able to survive. In other words, you've got to set the price to be received by this dairyman here now high enough so that he can stay in business. In other words, we've got to

keep the present dairymen in business. There was a time there when I went along with it pretty much because I felt that I was just a little bit better farmer than the other guy and if we could get some of these fellows out of business, the price of milk would go up and make it more lucrative for me. And I'm sure that a lot of farmers feel the same way. But I think the thing has progressed far enough. I think it has gone a little beyond. I think it's got to the point now where it's treading on the toes of the better farmers so that there are a great many of them that are doing everything right and as careful as they possibly can - they're breeding and feeding and managing their cows in the best way they possibly can and still only a very margin of them - . In other words, they could do so much better. There's so many other things in our economy to attract these same men. This gentleman with the backhoe - I'm sorry I don't remember his name - but he said that if any farmer that has survived to this point would be worth \$25,000 as an employee to any business and I'm inclined to agree with him in some respects. The man that has survived to this point now - you've got to be a little bit better than a jackrabbit. You've got to be able to deal with the banks and with everyone else and



rob Peter to pay Paul and shift around and all we're doing is borrowing money really to keep in business. It's an absurd situation.

During the month of March this year my cost of feed exceeded the amount of money I was receiving for my milk. This is the same with all of them. I don't think the dealers are getting fat but they're getting by. This is what is really keeping me in business is the fact that I'm a dealer as well as a milk producer, and we make enough on that to pay for the food for the cows, so to speak. But I wouldn't want to try to live on the cattle alone. It would be an impossible situation.

We're not attracting any young people into it and we're not attracting anybody back that has left dairying. The Secretary of Agriculture will tell us we got sixty million acres out here and all he's got to do is snap his fingers and it will be right back into production but this isn't true, absolutely. These fellows have gone to the factories and plants where they're making all kinds of money and they would never go back. I'm sure you fellows all are aware of that.

REPRESENTATIVE CHILDS: Mr. Gay, one of the purposes of the Commission, after due hearings and so forth, is to

come up with prices which is somewhat suppose to indicate a fair return for a producer's investment. Now, would you say this is working out satisfactory?

MR. GAY: I don't think there is any dairyman getting a fair return on his investment. I have \$150,000 invested and my net income on my dairying angle last year was \$4,000. That's besides the labor.

REPRESENTATIVE CHILDS: Isn't it suppose to be one of the functions of the Commission that after hearings the prices be so determined to give producers a fair return on a reasonable investment?

MR. GAY: I think this about the Maine Milk Commission. I think that there's enough political pressure to bare to keep the price of milk down below where it should be and other than that, the Milk Commission serves a real service to the milk producer in the State of Maine. They audit the dealers' books and pick up, like somebody else has already told you, the mistakes and so forth. This has been a - I would certainly hate to see the Milk Commission disbanded. The thing that I would be concerned about as a small dealer was the fact that the thing that is keeping me in the milk business is my dealership and this would be one of the first things that would go with the Milk Commission, would be my dealership because I just haven't

got the money to stand back and fight out a price war with these large companies. They've got their reserves and stuff. They could drop the price of milk down to 18 or 20 cents for six or eight months and drive out all the small dealers and this is exactly what would happen. I am sure you are well aware of that and along with these small dealers, you're going to knock a great many more producers in the head and when these producers go out and here's still a grievous shortage of milk - what do you think then is going to happen to the price of milk? The eventually loser here would be the consumer, because, after all, after a while when it gets just about so tight the price of milk has got to go up because of a definite shortage. But you've got to have a definite shortage before you're going to get any substantial increase in the price under the present system.

REPRESENTATIVE CHILDS: Is it a fair statement, Mr. Gay, to say that the average producer is not getting a fair return on his investment?

MR. GAY: Right.

REPRESENTATIVE CHILDS: Is it a fair statement to say that the average dealer is getting a fair return on his investment?

MR. GAY: Yes, that's true. I would say, yes.

CHAIRMAN CARTER: Any other questions?

REPRESENTATIVE CARROLL: Mr. Gay, the Extension Service has what we call dairy specialists traveling around. It always seemed quite odd to me that these dairy specialists are not successful dairy farmers. I would like to ask you, what would be your opinion - shouldn't we have successful dairy farmers going around advising people how to farm?

MR. GAY: Well, a successful dairy farmer would not be a successful dairy farmer if he was going around.

REPRESENTATIVE CARROLL: I grant you, you're 100% right, but we do have people going around advising people how to farm that have not been successful in their business ventures.

MR. GAY: Retired successful dairymen, if this is what you're referring to - providing it could be established that they were successful before retirement, why this would be wonderful. It's certainly a very complicated business today. Much more so than probably a great many realize but it is much more complicated than it should be. It should be that a man with average intelligence and ability with a willingness to work the hours that a dairyman has to work with a number of cows that would be humanly possible to manage and handle, should be able to get a fair living and maintain

a standard of living for himself and his family and afford a college education for his children and so forth as well as a guy with a pick and shovel digging a ditch. There is no reason why he shouldn't, but this isn't the case.

SENATOR HILTON: Mr. Gay, I understand that you're a dealer as well as a producer?

MR. GAY: Right, I'm a small dealer. We have one truck and we peddle in the neighboring towns, house to house.

SENATOR HILTON: Do you buy any milk other than your own?

MR. GAY: No, I produce my own.

CHAIRMAN CARTER: Any other questions? Thank you, Mr. Gay. Are there any others present who wish to testify?

ORAL FARLEY: Mr. Chairman, Members of the Committee, my name is Oral Farley. I'm a dairy farmer. I've been farming one thousand acres in the town of Richmond for the last thirty years. I've made a few observations as to what goes on in the economics of farming - dairying.

The present dilemma of the milk producer is an accumulated result of the decline in price schedule for the last fifteen years. I believe that the better than average producer today is working for nothing and living

off his depreciation schedule. The average producer is too old, his equipment is too obsolete and he's too far in debt to make any contribution to the milk industry. Those who are below average have already been eliminated. Not that I feel that they were not important but we have to recognize the economics of the thing and we realize, too, that perhaps another 10% of those who are engaged in the industry will have to go before this thing is settled. I am not concerned about those who were below average and it's too late to talk about those who are just average. But I am concerned when good, bona fide, solid, capable, efficient producers go out of business and they're going out every day.

When men are producing more than 250,000 pounds of milk per man a year, have a good herd, have a good business but can't make a decent living, cannot pay their bills and quit, then I maintain that something is wrong in the industry. Somebody mentioned here this morning that the farmer didn't understand all about the price formula. I don't think he ought to have to understand all about it. I don't think he ought to have to go into all that process. But he can understand when he doesn't get a fair return for what he does and he knows the difference.

Now, my summary of the reasons why the farmers are quitting. In 1948, April, May, June section they established a price for \$6.15. Five years later, it was \$6.09. Ten years later than that, it was \$5.96. Last year it was \$5.37. In other words, last year we got 78 cents per hundred weight less than we were getting eighteen years ago. On top of that, we have the problem of Class 2 which has been increasing every year. We have the problem of quotas which some producers have been put under quota and then they cannot increase or make any major changes in their business. We have the problem of inspections. I don't have any particular gripe against the inspectors, only I want to say this. I've never had a Massachusetts inspector find any fault with my dairy. I have never had a Maine farmer that found anything but fault with my dairy.

Even the emergency action which the Secretary of Agriculture has taken to help alleviate this economic situation has resulted in a price of \$6.03 and that is less than we had eighteen years ago and I don't need to tell you that the cost of everything a farmer buys has gone up and up and up. As one farmer quoted to me last week, "When I work seventy hours a week for fifty-two weeks and figure up and find out I made less than \$500,

I know when to quit. I know when I'm beat." Now, while the price to the producer has been going down, the price of the dealer's spread, the difference between what the dealer pays and what he sells for, has been steadily going up. I don't have any gripe with the dealers. We need them. We have to have them and I want to say that I feel their increase is reasonable.

In 1948, their price spread was .088 cents. It went from that to .1195 cents, or an increase of 35%. Now, if the price of milk to the producer had gone up a corresponding amount in this same length of time, you would be paying \$8.31 per hundred for milk today. Now, it's not easy to see what or where the trouble lies.

I was disturbed last week. The papers were full of accounts of strikes, here, there and everywhere. In Augusta and Gardiner men were standing on the sidewalks with paper placards "On Strike". You never see a dairy farmer on strike. He's too loyal. He's too patriotic. For the most part, they're still working their seventy hours a week, selling their products for less than they got eighteen years ago and most of them not even complaining. But they have got to the limit of their endurance. A farmer doesn't work seventy hours a week because he likes



to. He does it because he has to in order to support his wife and make an existence.

Who's going to milk these cows fifteen years from now? Not my children. I haven't talked to a man here this morning who says their children are going to stay on the farm - not one. Of course, I didn't talk with them all.

MR. SANDERS (from audience): Would you please ask, sir, if there is anybody here right now whose children are going to stay on the farm? Mine aren't. Will you ask them, please?

MR. FARLEY: Anyone whose children are going to stay on the farm? One, two, three, four - four out of a hundred. Well, that's as good as you can expect under the conditions. The man who drives the milk truck to pick up the farmer's milk gets \$2, \$2.75 an hour. The man who makes the milk, produces it, cools it and maintains the quality of it, thinks he's lucky if he can get the 75 cents. Actually, these producers who are left, they're better than average producers - and if they weren't better than average, they wouldn't be left - they're really experts in their field. Most of them middle aged men, greyed hair like myself, fifteen, twenty or more years experience. Where else can you go and hire an expert to do anything, fix your car,

mend your roof, stop a leak in your faucet, fix your TV - how much do you have to pay? \$4 an hour? \$5 an hour? \$6 an hour? Most of them not too expert at that - very few of them with the years of experience.

I think the administration for years has been playing the east against the west. They've been telling us in the east, "If you don't want to make this milk for nothing, we can go west and get all we want." No doubt they've been telling folks out west the same. Now, they're going out west but they aren't getting all the milk they want. They found the farmers in the west are not any more foolish than the farmers in the east and they're quitting just as fast as we are. The industry needs an elimination of the archaic system of dropping the price of milk in the spring.

REPRESENTATIVE CHILDS: What was that last statement you made, sir?

MR. FARLEY: The producer needs an elimination of the archaic system of dropping the price of milk in the spring. We should have a uniform price of milk the year around. It doesn't cost one penny less to produce milk from January to June than it does from June to the next January. My expenses, my taxes, my overhead, my interest and all of my set expenses are just the same one time as another.

Thirty-five years ago when a man had a few cows, the cows calved in March, he turned them out and let them eat grass in the summer time and they produced a flood of surplus milk all summer and went dry the next fall. That was surplus milk - should be treated as such. Proper to do so. But today the operator does it just the other way around - calves are cows in the fall, feeds them high priced material all winter and he has the same high cost, the same high investment, the same investment in buildings, the same investment in help and the same costs practically constant the year around. I don't think it's any more logical to cut the price of milk for one or two months, half of May and half of June when production is up, then it would be for an employer to say to his employee, "Well, now it's come spring, you haven't got to buy oil. Now, I'm going to cut your wages \$10 a week." Don't you think they would enjoy that? Just the same difference.

I think the producer needs to get out of the milk hauling business. The practice of charging the producer for hauling milk from his tank to the dairy is rightly the dairy's business and should be paid for by the dairy. In some cases, farmers are paying enough for hauling this milk so that the dealer is making more on the

hauling than he is on the milk. In addition to that, the producer today needs a flat, across the board raise of about 2 cents a quart and this would be just one-half of the raise which the dealers have taken during this same period. I think the producers have done a marvelous job to hang together and exist. Probably if they hadn't had some other source of income, they wouldn't have been able to do that during this period.

While I was writing this out this morning, my hired man came in and said, "That man came back again this morning and wants me to go to work for him." This was 8:15 this morning. I said, "What's the proposition now?" "He's offered me \$1.50 an hour for forty hours and time and a half for overtime and I can work all the overtime I want." "Well", I says, "it's spring, it's almost haying time. I need you something desperate." He says, "I can't afford to work for you. I'd like to have my check." I gave it to him and we went. That's the kind of conditions the producers are up against. We do not have the kind of income to compete with industry. We cannot get the men who will work on these farms for the price we can afford to pay. There are a few of us that are hanging on. We'll hang on

for a few years longer. What will happen after that will be up to you.

Thank you very much. (Applause)

CHAIRMAN CARTER: Any questions? Thank you, Mr. Farley.

Are there any others that wish to be heard?

Then I will declare the hearing closed and we shall go into executive session. Thank you all for coming.