

Grafton County Farm Bureau

P.O. Box 236

N. Haverhill, NH 03774

A letter of statement against the proposal of IDFA and NMPF to amend the Federal Milk Marketing Orders to eliminate the Producer-Handler

It is the contention of IDFA and NMPF that the producer-handlers are disruptive to the orderly marketing of milk by paying a price to themselves for their own milk that is different from the price that the larger handlers are bound to. They further state that because of this the producer-handlers are able to sell milk for enough less in the market place to disrupt the process. They fail to recognize, however, that it doesn't matter how much the handler part of the business pays the producer side of the business for the milk produced, he must still pay all the costs of production as well as the costs of turning that production into a saleable product as well as the expense of creating a market and of getting it to that market. Most of the time, because of scale, the producer-handler has costs that are greater than the larger handlers in the Federal Milk Marketing orders and often is at the mercy of whatever price is set at the retail outlet.

The producer handler is at a disadvantage also because he basically has to balance his own production. If he produces too little milk and has to get milk from out side of his own farm then he pays class I plus costs for the milk. If he has extra milk he gets paid Class III or lower and has other costs taken out. There is no profit in either of these scenarios.

The producer-handler, in typical American entrepreneurial fashion, has taken on the challenge of not only producing a product but of trying to add value to that product so that he might be able to profit from the original product where he might not otherwise have been able to. It seems that the proposal of IDFA and NMPF is more of an effort by these two organizations to stamp out competition rather than to correct some supposed disorderly marketing. The Small Business Act, passed in 1953, states "Only through full and free competition can free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment be assured." Most of these producer-handlers, even those producing over 450,000 pounds of milk a month, are small businesses and could be put out of business if the proposed changes are enacted.

The proposal to move the exemption to 450,000 pounds from 150,000 pounds is only a bone thrown out there to placate the smaller producer-handlers so that they won't join the fight. By means of its own admission NMPF states that the scale of economy is such that any producer-handler producing less than 450,000 pounds a month will struggle to be profitable. It seems the only real change NMPF and IDFA are looking for is to insure that producer-handlers struggle along with the dairy farmers that are laboring under NMPF control.

The changes as proposed by NMPF and IDFA should not happen!

Denis Ward, President
Grafton County Farm Bureau

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Dana Coale, Deputy Administrator for Dairy Programs
Agricultural Marketing Service
U.S. Department of Agriculture
STOP-0231-Room 2971
1400 Independence Avenue, SW
Washington, DC 20250-0225

Re: Petitions by NMPF and IDFA to eliminate the Producer Handler status

Dear Ms. Coale:

I am writing as the President of the Grafton County New Hampshire Farm Bureau to state that we believe that the petitions by NMPF and IDFA have no validity. We do not believe that the marketing of milk is being unduly disrupted by Producer-Handlers. We further believe that this is purely an effort to control individuals who have found a way to profit by controlling more of the production and processing than most other farmers.

We applaud the entrepreneurial spirit of the individual farmer and think they should be rewarded rather than penalized for their aspirations.

Please read our statement against the proposal put forth by IDFA and NMPF that is included with this introductory letter.

Thank you,

Denis Ward

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