

THE FOLLOWING TESTIMONY IS BEING SUBMITTED
TO THE
PENNSYLVANIA MILK MARKETING BOARD
BY ARDEN TEWKSBURY, MANAGER
OF THE PROGRESSIVE AGRICULTURE
ORGANIZATION at a special
LISTENING SESSION CONCERNING PROBLEMS IN
THE DAIRY INDUSTRY

May 16, 2018

Progressive Agriculture Organization (Like us on FACEBOOK!)
1300 Rattlesnake Hill Road Meshoppen, PA 18630 Phone 570-833-5776
progressiveagricultureorg@gmail.com

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My name is Arden Tewksbury of Meshoppen, Pennsylvania (Wyoming County).

Mr. Chairman and Members of the Pennsylvania Milk Marketing Board:

Mr. Chairman, I'm again listing all of my past activities, but I'm not going to read them. I believe it is more important to relate to the serious financial problems that are facing the majority of dairy farmers in Pennsylvania as well as many dairy farmers across the United States.

*In addition to operating my dairy farm in Meshoppen Township, Wyoming County, Pennsylvania for over 50 years, I have also been involved with many farm organizations. In the 1960s I served on the dairy committee of the Pennsylvania Farm Bureau, later on I served on the dairy committees of the Pennsylvania Farmers Union, and the Pennsylvania State Grange for several years. In the 1970s, I was elected to the Board of Directors of Eastern Milk Producers, which I served for 9 years. While there, I was on the Executive Board for 7 years,

2 years as Vice-President, and 5 years as President of the Co-op. During my term as President, we were successful in bringing Leprino Foods into South Waverly, Pennsylvania, which took care of a substantial amount of milk that many times was homeless. After leaving the Board, I served as assistant to the General Manager, and later on, I did consulting work for Leprino Foods. During the 1980s, I was hired to do membership and dairy work for the Pennsylvania Farmers Union and was named manager of the Northern Tier Farmers Union Co-op. I also became a director of the Regional Marketing Cooperative Agency and also the Regional Bargaining Agency. In 1985, I was named Granger of the Year for the State of Pennsylvania. In 1991, several dairy farmers started the Progressive Agriculture Organization, which I have managed since that time.

Mr. Chairman, at this time I wish to amend my list of involvements concerning the welfare of dairy farmers.

Several years ago, the United States Congress authorized the Northeast Interstate Dairy Compact. It was authorized only for the six New England states. In order for other states to join the

Compact, it was necessary for each individual state legislator to pass specific legislation to allow their state to join the Compact. Furthermore, in order for a new state to join the Compact, each state had to annex one of the existing states. Of course, Pennsylvania did not qualify, so we teamed up with the New York State Grange and several carloads of dairy farmers made numerous trips to Albany to meet with several New York State Legislators, including many from New York City. I testified three times to the New York State Agriculture Committee, chaired by State Senator Randy Kuhl. We later picked up support from the late U.S. Senator Arlen Specter, which helped us move legislation in Washington DC. Later, we were introduced to the assembled Pennsylvania Senate concerning the Compact. Everything was going fine, until a special hearing was held in NYC concerning the Compact. And thanks to the large International Dairy Food Association (IDFA) along with some Midwestern Senators, the authorization of the continuation of the Northeast Interstate Dairy Compact fell by the wayside. This means that all of the effort put forth by many dairy farmers was done in vain. In conclusion, for a few months the Compact was in existence. Readington Farms, based in New Jersey, purchasing milk from dairy farmers in Pennsylvania, had developed sales in New England, which meant that Readington Farms obtained some of the Compact money, and rendered it to their dairy farmers in Pennsylvania.

This means that surely the program was working the way it was intended to.

Mr. Chairman, today in addition to representing the Progressive Agriculture Organization, I'm also representing the Dairy Subcommittee of the National Family Farm Coalition of Washington DC. I serve as Chairman of the Committee. The Coalition has other members in Pennsylvania in addition to Pro-Ag. Members of the Coalition come from at least 20 other states. *

Mr. Chairman, Board members of the PMMB, along with the staff of the Board, I wish to thank you for allowing me to address this listening session today.

Mr. Chairman, as usual, I am submitting my credentials, but I am not going to read them, as you have seen them many times.

Mr. Chairman, most of my thoughts, but not all of them, will be concerning the welfare of all dairy farmers in Pennsylvania (as well as all dairy farmers across the United States). Mr. Chairman, in all of my years that I have worked for the benefit of all dairy farmers, I have never seen the financial stress being experienced by all dairy farmers, as bad as it is today.

Many times I have referenced the financial problems that dairy farmers and some dairy cooperatives have experienced during the time around 1976-1977. At least in those years, the relationship between the price of milk and the cost of

production was more in line than what it is today. However, the marketing conditions in that period of time were in bad shape, and many dairy farmers lost their markets for their milk, and many proprietary handlers cut back on their supply of milk they were buying from cooperatives, which in turn, some cooperatives like Eastern Milk Producers, had to secure almost overnight, new outlets for milk. The fortunate thing was, in Federal Order # 2, this order had the cooperative payment provision, which made it a little easier to work through those stressful days. The cooperative payment provision mandated that dairy cooperatives also had to market the milk of independent dairy farmers that were terminated by proprietary handlers. In addition, we had several bankruptcies that created more marketing problems for some of our dairy cooperatives. We had bankruptcies like Aldovan Dairy, Grandview Dairy, Garden State Farms, Clemo Milk Company, Shepp's Cheese, along with some others. We must note that the majority of these problems were concentrated mostly in the Northeastern part of the United States.

While marketing conditions might have been worse in 1976-1977, however, the relationship between prices paid to dairy farmers and their cost of production were more in line. However, what makes today's situation so bad as compared to these earlier years, is that the cost of production is running about \$6 per cwt. (hundredweight) below the national average

cost of production, which, in essence, adversely affects all dairy farmers across the United States.

However, here in Pennsylvania, we must come to the realization that for three straight years, the dairy farmers in this Commonwealth have been shortchanged between \$500 and \$600 million dollars each year. This has left a serious impact on the infrastructure of rural Pennsylvania. To further show what has happened to our dairy farmers in the northeast, when the Federal Orders were consolidated in the year 2000, the northeast Order #1 listed 18,000 dairy farms. 14,000 were co-op members, and nearly 4,000 were independent dairy farmers. Today, the total producers in Federal Order #1 have been reduced to 10,755, with 9382 being co-op members, and 1373 being independent producers. But on the other part of this equation, with little over 7,000 less dairy farmers in Order #1, we are producing over 3 billion pounds of milk per year more than in 2000.

Mr. Chairman, I've gone back in time, but only to illustrate the seriousness of the financial problems of dairy farmers. And the Federal government has failed to even come close to solving these problems.

I would like to now give our position on certain items in Pennsylvania:

- 1) We strongly support the PMMB.

- 2) We support the continuation of minimum pricing for in store and out of store pricing.
- 3) We strongly support the need of an over-order premium.
- 4) We support the bonding laws in Pennsylvania controlled by the PMMB.
- 5) While it is not in the Board's jurisdiction, I wish someone would develop the intestinal fortitude to declare imitation milk (almond, soy, etc.) as almond, soy DRINK, not MILK. Webster's dictionary is clear, milk comes from mammals.

Referring to 1), there are many people who don't realize the importance of the role the Board plays besides pricing milk. In regards to 2), some people feel minimum pricing should be eliminated, and the milk in the stores sell for whatever price, then dairy farmers will receive a better price for their milk. Recently I made my usual stop at the Walmart in Norwich, New York, and they were selling a gallon of whole milk for only \$1.76. I don't believe that in the long run, our dairy farmers will gain by this practice. I don't believe we need the buyers and sellers of milk in stores to have prices like what I witnessed in New York, it will only make it more difficult in the long run to add stability to the marketing of milk we have in Pennsylvania.

(regarding #3) I have personally been involved since day one, in obtaining over-order premiums that are being established

by the PMMB. I have told the Board many times of the attempts that we have had in lining up premiums in Pennsylvania with other over-order premiums in various states. We had the RCMA premiums in the northeast, we had the northeast interstate dairy compact, which was working nicely, and we've had milk handlers who were paying unqualified premiums to their producers. Unfortunately, RCMA and the compacts are gone. I've always felt that premiums are not the answer to our dairy farmers' problems, but we should use them as long as our people in Washington are not willing to attack the production, pricing problems, along with the imitation milk problem.

I do have good news. While we have cut back premiums in Pennsylvania, Readington Farms in New Jersey has sent a letter to all their producers, saying they will reinstate the \$1.50 per cwt. (hundredweight) premium.

Regarding number 4), finally I believe we have the bonding laws of milk handlers in Pennsylvania in a favorable position (but that was not always true). I can tell you there were different times in Pennsylvania when the Commonwealth subsidized farmers because of inadequate bonding, which they had approved of. Some of the credit must go to the

PMMB, as they worked with legislators to provide adequate bonding of milk handlers which now is in a positive position.

Termination of dairy farmers in Pennsylvania: This has become a real hot potato in our state. Years ago, we got the 21 day notice raised to 28 or 30 days. We did the same thing in New York State. This is no longer acceptable in Pennsylvania. My first choice would be that we develop a marketing contract between proprietary handlers and their independent dairy farmers. This is positively legal to do. However, some milk handlers in Pennsylvania and other states have rejected this idea. And if we can't get this done, I strongly urge the marketing board and legislature to agree that the 28 day notice be changed to a one year notice. The one year notice would serve almost the same protection as the one year marketing agreement. As I said earlier, the number of independent dairy farmers is now down to 1300 in Order #1, besides the 700 or 800 we have in Pennsylvania. I fully understand that independent dairy farmers like to stay independent, but overnight, they can find that they are very dependent people. Regardless of this erroneous philosophy, no dairy farmer should be working under the threat of not having a market for their milk.

We may be submitting other ideas to you, and we have already written a letter to Governor Wolf, and his Secretary

of Agriculture has responded. If we need another milk plant (processing or bottling) in Pennsylvania, let us get it built! I remember when former President Obama sought suggestions for helping rural Pennsylvania, Pro-Ag and the National Family Farm Coalition gave suggestions to his administration. Some of those suggestions were to have two new milk plants built in Pennsylvania. It is a shame that his administration did not follow up on these ideas.

The last thing, Mr. Chairman, I have serious reservations about protein ingredients being extracted from whole milk, and being widely used in thousands of products in place of even whole milk, or powdered milk, which is helping to cause problems in marketing powdered milk. Are these ingredients helping to cause a so-called over-supply of milk?

Thank you for allowing me to testify today.

