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## **Public hearing on the Agricultural Adjustment Administration Dairy Program : held at Madison, Wisconsin, at the Stock Pavilion of the College of Agriculture of the University of Wisconsin, Wednesday a...**

[s.l.]: [s.n.], 1934

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PUBLIC HEARING ON THE AGRICULTURAL  
ADJUSTMENT ADMINISTRATION DAIRY PROGRAM  
APRIL 4 and 5, 1934



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STATE OF WISCONSIN.

CITY OF MADISON, DANE COUNTY, WISCONSIN.

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PUBLIC HEARING ON THE  
Agricultural Adjustment Administration Dairy Program  
Held at Madison, Wisconsin,  
AT THE STOCK PAVILION OF THE COLLEGE OF AGRICULTURE  
Of The University of Wisconsin,  
Wednesday and Thursday,  
April 4 and 5, 1934.

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Being one of Fifteen Regional Conferences  
To Explain the Proposed Dairy Plan of the  
AAA and to receive hints and suggestions  
from Dairymen Farmers and Dairy Leaders  
Interested in the Plan.

---

R. W. Morse, Court Reporter.



PROCEEDINGS OF WEDNESDAY, April 4, 1934.

Meeting called to order by Chairman K. L. Hatch of the Wisconsin College of Agriculture at 10 o'clock a.m.

Whereupon the following proceedings were had:

CHAIRMAN HATCH: Now if you will move up and get your seats we are going to start our program. I am going to suggest to you that those of you who anticipate that you are going to have something to say, or want to have something to say, move down toward the front, because it will be necessary, if the building fills up, for everybody who talks to come up here in front of the microphone so that the loud speaker will carry your voice. You will have to come on the platform. And therefore it will create less confusion, if you expect to take the platform, for you to be up this way so that you can easily get to the platform.

Now I understand that it has been agreed by certain groups and certain representatives of groups that they will have spokesmen on various subjects. So that if it has already been agreed that you are to speak, will you kindly move down toward the front. If you are to speak, or expect to speak, get down here so that we can quickly get you up in front of the loud speaker.

Now I think we are ready to proceed. Just a word with respect to the procedure for this morning. I am directed by the Chief of the Dairy Division of the AAA to say to you that this is a public hearing; not simply an opportunity for the Agricultural Adjustment Administration to present their plans, but also an opportunity for every man in this audience to express his personal viewpoint

with respect to this plan. .

Now obviously, as we have a large number of people in the audience, it would be impossible for each one of you to appear before the loud speaker; but provision has been made, and will be used later in the day, and tomorrow as well, for you to ask your questions either orally or in written form, and to express your views, either orally or in written form. So that every man here may consider that he is a part of this hearing and has equal rights with every other man to be heard.

In order to expedite matters the plan has been arranged like this, so as to give the largest opportunity for free public expression: For the Department to present its plan between now and the time we adjourn for lunch. After noon there are spokesmen for various groups that have been discussing the preliminary announcements of the plan and have asked to be heard.

So we have set aside -- not arbitrarily but in order to limit discussions -- we have set aside from five to ten minutes for each of these spokesmen. If these spokesmen agree among themselves or any one of them agrees that he is willing to give up his time to any other, we can adjust that, so that the aggregate amount does not exceed the allotted ten minutes' average.

Some of the leaders of general farm organizations which are scheduled to appear at 3 o'clock have requested that they be dropped into tomorrow's group. We are very glad to do that, because that will give opportunity for



more questions and answers from the floor and more helpful discussion.

What we are trying to say is that the plan for the program is not essentially hide-bound, but only so arranged that everybody here will have the largest possible opportunity to participate in the discussion.

Now without any further announcement from me I shall ask our old friend Mr. Lauterbach, whom you all know, to make a preliminary statement for the Agricultural Adjustment Administration. Mr. Lauterbach.

(Applause)

A. H. Lauterbach (Chief of the Dairy Section of the Department of Agriculture.)

I am certainly glad to be back in the good old State of Wisconsin. After spending three weeks down in Washington it is sort of a relief -- even though they do tell me that we are going to have quite a battle here today and tomorrow.

I want to say that the new Dairy Chief has got about the hottest spot there is down at Washington, outside of possibly the President of the United States. And I sometimes in the last three weeks have come to the conclusion that we needed another Hugh Johnson to head the Dairy Division.

As you all know, I probably did as much criticizing of the administration as any of you in days gone by. I looked over the National Cheese Producers Division proceedings the other day, and it has some statements I had made in the past six months.

Since going down to Washington I have changed my mind on some things. I have discovered that the United States ~~is~~ is pretty large. I have also discovered that every section of the United States, as far as dairying is concerned, seem to have their own troubles and they vary from the problems of other sections. They all come down there with the idea of securing an advantage for themselves.

I decided when I took over the dairy section that "this ought to be easy", because dairy people are the most highly organized of any of the groups in the United States". And I am here to tell you this morning that I have discovered that they are the most highly disorganized.

Now this meeting here today is in the form of a hearing. We have not come to any definite conclusions as far as we are individually concerned. But the men at Washington have worked for months, they called in many dairymen, and have worked out the best program that we knew how, under the Agricultural Adjustment Act. And it is only because the dairymen of the United State are not united that it is impossible to go to Congress and get additional legislation.

We are going to have possibly hundreds of suggestions within the next day or two as to what ought to be done; and I again want to repeat that we have done the best with what we had.

It reminds me of the story they tell about an aged woman that died, and she went to heaven. St. Peter met her at the door, and she started down the Golden Street; and St. Peter was pointing out to her some of the friends that had passed on before here. And he pointed out to her a lady



that had been doing her washing for years; she had a wonderful place. And she said to herself "If that is what this lady got, what went I have!" And they got way down to the end of the street and found a little bit of a house, and St. Peter said: "This is your place." And she wanted to know why she got such a little bit of a place as that, and he said: "This is the best we could do with what we sent up. (Laughter). This is the best we could do with what Congress passed in the Act, -- with possibly some modifications. There is no question there are some modifications possible.

What I would like to see is all the dairymen of the United States get together behind a correlating committee of some kind that could come down to Washington and go over all these transcripts that we are going to get from Regional Meetings, and then possibly work out a program. And if the Administration and that correlating committee cannot arrive at a program under the present Act, I think we have got enough strength that we can go "up on the hill," as they say down there at Washington, and get some more legislation.

In talking to the Senators and Congressmen at Washington about new legislation, they say "Your people do not know what they want. The South want one thing; the North want another, and the East and West want something else."

Now these are some of the things we have got to decide. Wisconsin is the greatest dairy state in the Union. And I think you have more opinions in this state

as to what ought to be done than all the rest of them put together. (Laughter). And if we could get you people to agree on a program, I think we could make a good start.

The fluid milk people were very much disturbed when they heard the new dairy chief was a cheese and butter man. They were afraid that the butter people and cheese people were now going to have an advantage. Now there are a few milk people in this audience. We had a nice battle with the Pure Milk Association of Chicago at Indianapolis in the last few days, and I understand there will be a delegation here. I believe I see some of them in the audience. And I want to say about the fluid milk people that as far as I am concerned they are entitled to all the money that the traffic will bear. In other words, if they can get and maintain a price of \$1.75 at Chicago, and keep the Wisconsin people out through health regulations, and freight, etc. diversity of rates, they certainly are entitled to it.

Last week we gave the New England people a price of I think around \$3. Three dollars a hundred for milk. Now that sounds awful big to a whole lot of people that have been getting seventy cents, eighty cents, a dollar and perhaps a dollar and twenty cents wholesale. But those people are a long way from here. And just as soon as you can deliver milk to the New England states and comply with the health regulations, and get in there for less than three dollars, you are welcome to it.

Some parts of the State of Wisconsin have been suffering from drought. Just what you could do under our present



‡ program with reference to that situation I cannot make any promises. But in the program with reference to the Sarn and hog program, that is, in the heavy producing states, there was an exception made as to areas where they had droughts; and I think something like that can be worked out for your drought sections in Wisconsin. And I want to assure you that I am going to do everything that I can to bring that about, because it should be done.

We have with us here today men who have had considerable experience in the dairy end of it. I have one young lad with me who is an Economist. Every time we talk to farmers about "economists", they think that is just another necessary, or unnecessary, evil. We have been told that the Administration at Washington is run by economists. I want to say that if they took all the economists out of the Dairy Section at Washington, I would come back to Wisconsin or Minnesota and go on my farm and start milking cows.

In my past experience I have discovered that the economists chart the future by the past. And in my experience in railroading and other activities and in the commercial world, I have discovered that the economists are usually about ninety per cent. right. The economists at Washington have charted the future of the dairy industry. We may disagree with them. But if they are ninety per cent. right again, we must take their findings into consideration.

I am going to ask these men to pay particular attention to the facts that are going to be presented to you by our economists.

Now without going any further I want to again repeat that this hearing and that this program that we have here to present to you today is open to criticism. We want you to pick it all to pieces. But remember that if you want another program, that we have all got to get together and get more legislation.

I thank you.

(Applause).

CHAIRMAN HATCH: With this preliminary statement by Mr. Lauterbach we are ready to begin on the formal plan as outlined by the Dairy Section. The first speaker is Mr. O. M. Reed of the Dairy Section: Mr. Reed.

(Applause).

BY MR. O. M. REED.

Ladies and Gentlemen: -- I do not see any ladies in the audience. I guess I missed my cue that time.

(The Reporter is directed by the Chairman that it is not necessary to take the report delivered by Mr. Reed, it being in printed form, and copies being available to the members of the audience. Mr. Reed then reads pamphlet entitled: The Dairy Problem, issued by the U. S. Department of Agriculture, AAA, Washington D.C., issued March 1934, DI-6.)

(A chart is used and referred to by the speaker during the delivery of the address).

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CHAIRMAN HATCH: The presentation will be continued on the part of the Dairy Section of the Adjustment Administration by Mr. Lauterbach.

MR. LAUTERBACH: Ladies and Gentlemen: Because the crowd



has increased since I was up here before I want to say again to those who have come in late that this program is not a cut and dried affair. This is a hearing. We have done the best we could under the present agricultural adjustment act. Many of us realize that there are possibly other things that ought to be done with reference to this program, but we cannot do that until such time as we have more legislation, and it is going to be up to the dairy farmers to unite as one unit as to what they want; then come to Washington and work this out with the administration, and if we need more legislation, go up on the hill at Washington and ask for it.

The other morning at Indianapolis when I was introduced by Dean Mumford, he introduced me as a "Doctor"; and I got away with that the entire first day. There happened to be somebody in the audience that knew that I was nothing more than just a ordinary cow-milker, and he called it to my attention. And consequently the next morning, after Dean Skinner took charge of the meeting, both myself and Mr. Reed here were demoted, because neither one of us had the right or the privilege of being called a doctor.

I have a written speech before me; and it always appears to me something like talking through a hedge fence, when you have to read a speech. But this is going to be handed out before you go home at noon, so that you can all digest it the rest of today and tonight as long as you care to. I may repeat some things that I said here this morning.

(Mr. Lauterbach here reads the pamphlet entitled "The Proposed Dairy Production Adjustment Program)!"

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CHAIRMAN HATCH: Now we are getting along splendidly, with the presentation of this program. We can well pause for five or ten minutes to ask some questions. If you have any questions you wish to ask Mr Lauterbach right now before we present the next and final speaker for the morning, we would like to have the questions. Mr. Paul Weis has a question.

Paul Weis: Relative to the compensating tax on oleomargarine, which Mr. Lauter as I understand said might be ten or fifteen cents, I understand that under the agricultural adjustment act there is a limitation of two cents a pound compensating tax. Is that right?

CHAIRMAN HATCH: Mr. Weis's question is this: Mr. Lauterbach made the statement that the compensating tax on oleomargarine might be ten or fifteen cents; and he understands that under the agricultural adjustment act there is a limitation of 2 cents for compensating tax on oleomargarine.

MR. LAUTERBACH. Mr. Reed will answer that question.

MR. REED; I have not heard a thing about only a two cent tax on oleomargarine.

MR. WEIS; Your AAA act specifically provides for a two cent tax, that the compensating tax in any case shall not exceed two cents per pound.

MR. REED; No, I think you are mistaken.

MR. WEIS; I will find that and read it later.



MR. R. B. PAGE of the Page Milk Company, Merrill, Wisconsin; Did I understand Mr. Lauterbach to state that a large milk shed, like the City of Chicago, would not come under the plan?

MR. LAUTERBACH: This gentleman wants to know whether a large milk shed area, like the City of Chicago, would come under this plan. They would come under the plan, yes.

MR. PAGE: There would be nothing done to take care of that surplus, on account of their surplus going to the manufacturer anyway, is that not so?

MR. LAUTERBACH: I suppose your statement is supposed to convey that the production control would not affect their fluid milk that went into bottles. It would affect their surplus production. We have discovered that in some of the eastern states they have no surplus of milk today. In other words, most of the milk goes into bottles, and naturally these areas probably would not want to come in under this program.

MR. PAGE: Some statement was made about imported dairy products. I would like to ask; How much cheese was imported last year?

MR. LAUTERBACH: About 65,000,000 pounds of cheese.

MR. PAGE: Wasn't that 441,000,000 pounds?

MR. LAUTERBACH: That ~~is~~ 441,000,000 pounds is total milk.

MR. PAGE: That is rather high, isn't it?

MR. LAUTERBACH: I do not think so.

MR. PAGE: Is that taken out of this 59-cent dollar,

or is that just figured on the other basis?

MR. REED: Your tariff is 14 cents. The tariff is set at 14 cents.

MR. PAGE: It is paid on the basis of the 50 cent dollar, is it not?

CHAIRMAN HATCH: Mr. Reed, will you repeat Mr. Page's question so that the audience can hear it?

MR. REED: The question was: In what terms is the tariff of fourteen cents stated? That is stated in U. S. cents. Now of course I do not want to get into any argument on the money question here. The tariff, as stated, is 14 cents. I think, if we go a little further in answering your question: The prices that are put on that chart are stated in and are converted to U. S. money.

MR. PAGE: As we know it here?

MR. REED: Yes, the prices on those exchanges are converted to American money.

CHAIRMAN HATCH: Have you another question, Mr. Page?

MR. PAGE: Yes. Is the figure on the elec oil importation, 175,000,000 pounds per year -- Is that the elec oil?

MR. REED: Your question is: How much is the importation of low oil, or elec oil? By that you mean cocconut oil?

MR. PAGE: Yes.

MR. REED: Those importations from the Phillipines are quite heavy. I would have to look that up in order to get the exact figures.

MR. PAGE: Is there a tariff on those oils coming in here?



MR. REED: Apparently not. The Phillipines are under our possession, and I do not think we can levy tariffs on our possessions.

MR. PAGE: Is there a tax on it then?

CHAIRMAN HATCH: Mr. Page wants to know if there is a tariff on vegetable oils that are used in the manufacture of oleomargarine, particularly coming from the Phillipine Islands. Is that right, Mr. Page?

MR. PAGE: Yes, that is right. Or a tax.

MR. REED: I have no knowledge of any such tax or tariff on low oil or oleo oil, and by that I mean on coconat oil, coming from the Phillipine Islands. It might interest you to know that there is a bill pending in Congress now to tax the imports of the coconat oil and so on into this country. The proposed tariff or tax will be five cents per pound.

CHAIRMAN HATCH: Does that apply to the Phillipine Islands too?

MR. REED: I do not know whether that applies to the Phillipines or not. The Phillipines are still our possession. You would have to get some lawyer to answer that question. Apparently it may be, although I am not entirely positive, in conflict with the provisions of the present Phillipine Independence bill.

MR. PAGE: The production of milk in the United States has always been a little bit behind the consumption, has it not, with the exception of last year? Last year we had five per cent more production than we had consumption. Isn't that true?

CHAIRMAN HATCH: Mr. Page will you yield now in your questioning to the man right here who wants to ask a question?

MR. PAGE: That is the last question I want to ask.

MR. REED: Well what are you wanting? A discussion of surplus?

MR. PAGE: Yes, the production and consumption percentage. As far as our market is concerned the first ten months of 1933 as I understand it there was five per cent more production than we had consumption; and for the year it will be about eight per cent. Is not that true.

MR. REED: Practically all of our production in this country is consumed. I was wondering just how you are going to figure surplus. But I would like to ask you this: That production has been consumed at certain prices, you see, and --

MR. PAGE: Well not altogether. But the question that I was interested in is the importation of foreign products; isn't that what caused the surplus which we have in the United States?

MR. REED: I don't think that will hold. The importations were such a very, very minor part of our total production, and the sales of butter fats of all forms were high. I doubt that it would at all depress the price as it is today.

CHAIRMAN HATCH: I think Mr. Page is trying to get from Mr. Reed a statement as to whether, if it were not for the importation of foreign products, we would have a net surplus of production. Is that your question?



MR. PAGE; That is the idea. I hold that if it were not for the importation we are getting we would not have a surplus.

MR. REED; What prices do you think you would be getting if there was not any importation?

MR. PAGE; Well they would be higher than they are today.

MR. REED; How much higher?

MR. PAGE; That all depends.

MR. REED; That is a question that gets to be important.

MR. PAGE; It would be at least twice as much as it is today, in my opinion.

MR. KLUSSENDORF. I would like to know how Mr. Lauterbach arrives at the 40 cents per pound of butter fat as a benefit payment. Is that a set figure, or may it vary up or down?

CHAIRMAN HATCH; The question is; How do you arrive at the 40 cents per pound of butter fat, or \$1.50 fluid milk, upon which the benefit payments are to be based. Am I right?

MR. KLUSSENDORF; Yes.

MR. LAUTERBACH; These figures were arrived at by estimating the returns from the processing tax, less the cost of administering the act, and on a fifteen per cent reduction -- or ten per cent. reduction, I should say. If only half the dairy farmers would come in under this program, and everybody paid a processing tax, that naturally would increase your benefit payments to those that are under the contract.

MR. KLUSSENDORF; Does your estimate consider that one

hundred per cent. will sign up, or what percentage would you have who sign up?

MR. LAUTERBACH: This gentleman wants to know whether the estimate was on a hundred per cent. sign-up. We say "Yes". We estimated a one hundred per cent. sign-up as the basis of a forty cents per pound benefit.

WALTER M. SINGLER: From Mr. Lauterbach's statements is it intended that we are to believe that the fluid milk market would not be curtailing on their base price, or base supply? The actual curtailment would come out of surplus, would it not, in the larger cities?

MR. LAUTERBACH: The gentleman wants to know whether the reduction in the larger cities would come out of the surplus and not out of the fluid milk. Is that not your question?

MR. SINGLER: Would not that give some little advantage to the producer in the city areas, owing to the fact that they are not curtailing on the supposed base of 45 or 50 per cent. of their fat, while they are curtailing on, we will say at the present time, 23 cent butter fat, and getting a forty cent benefit out of it. They are curtailing on the surplus; still on the other they are not curtailing; while the people selling to cheese factories and creameries must curtail on the 23 cent basis, which is their highest price. In other words, we people out in the country are curtailing on the highest prices, while people in the city are curtailing on the lowest price.

MR. LAUTERBACH: Well now I think this is the gentleman's question: Will not this program increase the advantage of the city milk producer over that of the producer for the butter and cheese market. Is that practically what you want to know?



MR. SINGLER; Isn't there an advantage in the curtailment?  
It is not the same.

CHAIRMAN HATCH; Yes, it is not the same.

MR. LAUTERBACH; I want to say that this question was argued for at least two hours at Indianapolis by the fluid milk people and the creamery and cheese people.

In this entire program somebody is going to get hurt, and somebody is going to have an advantage. And after listening to the fluid milk people and these others the last few days I am still in doubt as to just who is going to get hurt most in the long run. I might say that the people in the south and in areas where they are right now getting 14, 15 and 17 cents a pound for butter fat think that this processing tax should be levied on percentage of dollar sales; in other words, if the fluid milk people get \$5 a hundred for their milk in the New England states, and we to pay five per cent or something along that line on that basis, the people in the south would like to have a <sup>100</sup>~~100~~ per cent on the 16 cent butter fat.

CHAIRMAN HATCH; Now we will have to close the discussion. It has been as good as a stretch hasn't it, because it relaxes us. Mr. Wies, however, had an unanswered question. Have you got the answer to that ready Mr. Weis?

MR. WEIS; I haven't got it ready.

CHAIRMAN HATCH; All right then, we will close the discussion and move to the final number on the program to be presented by Mr. A. B. Nystrom, Extension Dairyman for the Bureau of Dairy Industry; Mr. Nystrom.

MR. CHAIRMAN and ladies and gentlemen: You will have an opportunity to bring up all these questions this afternoon and tomorrow, and you may have a few questions to ask concerning the paper which I am about to give, as my topic is one that relates to good sound dairy practices.

(Mr. Nystrom then reads paper entitled: "Methods of Controlling Production Through Sound Dairy Practice")

CHAIRMAN HATCH: Now, we are going to adjourn this conference in just two minutes. We are going to get back here at 1:30 o'clock and then we will have the expressions from the audience. Mr. Lauterbach, however, would like to make one statement. Mr. Beck asked if the papers that we have had presented this morning will be available for distribution. I think, Mr. Beck, they will be distributed at the desk at the close of this session. If not, they will be up on this table right here in front so that everybody can have them. Now, Mr. Lauterbach.

MR. LAUTERBACH: Mr. Weis raised the question awhile ago whether there was not a two cent tax in the original bill. I think he remembered when this act was passed that they did try to put in a two cent tax, and he called my attention to this paragraph which I am going to read to you: "That in no case shall the tax imposed upon such competing commodity exceed that imposed for an equivalent unit as determined by the secretary upon the basic agricultural commodity."

Now, the question arises whether a pound of butter is equivalent to a pound of oleomargarine. Some of us at Washington think that a pound of butter should be equal to a pound of oleomargarine, and if we can make the lawyers see that, we can get away with a ten cent oleomargarine tax as compared to



a five cent butter tax. I think that explains it, Mr. Weiss.

(Applause)

CHAIRMAN HATCH: We will adjourn for the morning. Be here at 1:30 o'clock sharp.

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PROCEEDINGS OF WEDNESDAY AFTERNOON.

April 4, 1934, 1:30 o'clock P.M.

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CHAIRMAN HATCH: Now, it is exactly 1:30 o'clock. We are going to call the house to order. Please find your seats.

Now, we have distributed to you on the chairs a sort of tentative outline of the hearing. There is one modification that has been asked for, and is it suitable? That is, if I hear no objection from the audience to that procedure I will assume the responsibility for making that change. At three o'clock we were to listen to five or ten minute discussions by leaders of general farm organizations. At least two of those leaders -- there is half a dozen of them in the state -- at least two of those leaders have requested that that be put over until tomorrow afternoon so that they might have an opportunity during the interim after the close of this meeting and tomorrow morning to discuss the matter with such of their membership as they have not had an opportunity to meet as yet. So that unless I hear objections from the audience that three o'clock program by leaders of general farm organizations -- by which I mean the Grange, the Equity, the Farm Bureau, the Farmers' Union, and so forth, will go over until tomorrow afternoon. That will give us available this afternoon at three o'clock our opportunity to discuss some proposition

in place of those which have gone over until three o'clock tomorrow afternoon.

Under our 1:30 o'clock program we are to have statements by individual milk producers. There are several milk producers here, who have said that they are here this afternoon. They have some definite ideas to express and would like an opportunity to be heard now because of their inability to return tomorrow; so that the change requested by the leaders of general farm organizations is going to give us that opportunity.

Now, our experience this morning has indicated this: When it comes to the questioning I wish to request one of two things. When you have a question to ask state it in just as concise terms as you can. Make it short, not a speech, but just a question; and then I will try and repeat <sup>it</sup> through the microphone so the audience will get it before we attempt to answer it.

If you cannot do it that way, then I suggest that you write that question out and send it up. There is half a dozen people back there, Mr. Amundson and others, that will be very glad to bring your question up. We do that only in the interest of expediting matters and giving more people opportunity to be heard.

Now, another suggestion I think would be pertinent at this time. That is, if you have already asked the question, give somebody else a chance before you ask the next question. That will give also freedom for ~~big~~ wider expression.

Now somebody else asked this question this morning: "How many of these fellows that are talking are just professional talkers, and how many are dairymen?"

My opinion is that there are very few professional



talkers here; that practically everybody is a dairyman, either an owner of a dairy herd or is actually milking that herd.

Now, I would like to see the hands of all those here, just for the benefit of Mr. Lauterbach and the other gentlemen from Washington, -- I would like to see the hands of all those here that are actually milking a herd of cows.

(Showing of hands by the audience).

CHAIRMAN HATCH: Do you want me to ask any other question about that? (Laughter).

Now, Mr. McIntyre insists that I ask this question: How many professional talkers are there here? (Laughter).

Paul Weiss wants to know whether the county agents are interested in this dairy program or not. The only way I can find that out is to have them stick up their hands.

(Showing of hands by the audience).

Well, there is a few of them, Paul.

Now, to begin our program, will you kindly observe the procedure that we have just indicated. Five to ten minute discussions by spokesmen for Wisconsin Dairy and Breed Organization. Mr. Burchard, president of the Wisconsin Dairymens Association, has a statement to make. Mr. Burchard.

MR. BURCHARD: Mr. Chairman and ladies and gentlemen.

Shortly after the announcement of the government's proposed dairy control plan the Wisconsin Dairymens' Association was requested to call a conference representative of Wisconsin dairy farmers. As the time before today's hearing was too short to give large publicity, the State Department of Agriculture and Markets was kind enough to send our letter of invitation to representatives of various farm and dairy organizations.

This invitation was mailed on March 26 and some 150 persons responded by meeting at the State Capitol on March 29. A full and free discussion was had, a committee was appointed to draft resolutions and it made a partial report. This committee was then directed to continue its discussions and an invitation was extended to any others to meet with this committee on last Saturday afternoon. Some 50 persons attended this meeting. This committee again met yesterday and decided on the procedure of presenting the opinions of the conference.

In order that you may follow the proceedings logically I now introduce John D. Jones, chairman of the committee, who will take charge of the program.

JOHN D. JONES; Professor Hatch and gentlemen representing the Agricultural Adjustment Administration, and dairymen of Wisconsin;

As Mr. Burchard has indicated, two conferences were held in the city of Madison last week on Thursday and Saturday, to which meetings were invited all of the organizations, farm organizations, of which the state department of agriculture has a record; and those two conferences considered the dairy adjustment program as outlined in a release from Washington entitled "A Program for Dairy Farmers," from an address of Chester C. Davis, administrator of the agricultural adjustment act, delivered at 7 P. M. on March 21.

The conference arranged for a committee on resolutions, and the committee after as extensive deliberations as were possible under the conditions reported to the main conference, which in turn considered the conclusions of the committee.



In order to hasten over the work that has been done, and after consultation with those responsible for the conduct of this conference, we have decided to submit the conclusions of that group -- which I may say were not in all cases unanimous conclusions -- that is, totally unanimous -- and we will ask three or four or five of the men who were there to discuss various phases of the program set up.

In the first place, in considering the dairy adjustment program the resolutions committee, and later the two conferences, voted as follows:

"It is the sense of this group that the quota reduction as outlined in the AAA dairy control plan released by Chester Davis, administrator, on March 21 is unworkable, unsound, and inapplicable to the dairy industry, and if attempted will work innumerable hardships on countless individual farmers."

The discussion of that, the presentation of it, will be had by Paul Weiss of the Milk Pool. I believe Mr. Weiss is here.

MR. WEISS: Yes.

MR. JONES: Who will now take the floor and discuss that, together with another resolution entitled: "We Favor Governmental Purchase of Dairy Surpluses if and when they accrue, and Disposing of these Only through Relief Channels."

Now, will Mr. Weiss come to the platform immediately. Oh, here he is. Paul Weiss.

(Applause).

PAUL WEISS: Mr. chairman, gentlemen of the administration, and fellow dairymen.

My good friend Lauterbach this morning made the statement that the economists usually have been ninety per cent right. I do not quite agree with him on that point, as I am going to prove to you as I go on, and as an illustration I would like to read to you from the secretary of agriculture's report of 1929 the following sentence: "In the last eight years there has been a generally upward trend in dairy production for domestic consumption, for but dairy consumption has consistently exceeded our domestic production by about one per cent. There is reason to believe that this close adjustment will continue. The dairy industry is very stable."

That is one statement of an economist that I believe was wrong.

Now as to the figures that are contained in the proposal of the adjustment administration relative to production and consumption; I have, in the brief time which I had at my disposal, prepared some figures which I believe will refute the figures of the department.

The administration is resting its proposal on the assumption of an overproduction of milk, and a potential increase in the present rate of production.

This assertion and the statistical figures cited in support are erroneous to begin with.

It is claimed that;--

Milk production increased from 87 billion pounds in 1924 to 99 billion pounds in 1930 and to 101 billion pounds in 1932.



From the department of agriculture's own figures published in 1928, I cite the following:

Milk production - 87,906 million pounds in 1918  
102,500 million pounds in 1922  
114,606 million pounds in 1924  
120,766 million pounds in 1928

On the basis of the department's own figures, we find that there is a decrease in milk production of 15.73% between 1924 and 1932 and not an increase of 18% as asserted by the Administration.

It is true that there is a substantial increase in the number of milk cows and heifers on the farms, but any one at all conversant with the true situation knows that the potential production per cow is lower today and will be lower for many years to come, because of a decided deterioration in the quality of our dairy cattle.

As a matter of fact the individual production per cow in the United States has not varied above 300 pounds of milk per year in ten years.

The calf crop of the past three years will not reach the individual producing capacity of the crop born prior to 1929, because throughout the entire industry farmers have been forced to use mediocre breeding material.

Cow testing associations are disappearing fast. Bull associations are becoming fewer and fewer. These are two of the most necessary adjuncts to the industry from the standpoint of economical production and increased individual production.

They would disappear entirely if the administration plan is put into effect, and this will involve still lower individual production in the years to come. Another fallacy propounded is the assumption that prices are low when production is high. Facts do not bear out this assumption.

The peak production of 1926 of 120 billion pounds brought 3,300 million dollars, 45.7¢/lb. fat. The low production of 1932 of 102 billion pounds brought 1,334 million dollars, 21.4¢ pound fat.

So I do not agree with the assumption that lower production means higher prices. It does not necessarily mean that at all, as I will show you farther on.

Now cold storage figures more than anything else demonstrate a burdensome oversupply.

From a record low in 1932, they show a record high in 1933 of 180 million pounds of butter and 100 million pounds of cheese, and it is generally admitted that the burdensome part did not exceed approximately 60 million pounds of butter and 30 million pounds of cheese. In other words, 60 million pounds of butter and 30 million pounds of cheese amounts to approximately 100 million pounds of fat. So the only possible burdensome oversupply that we have had in the last ten years was last year, and amounted to approximately 100 million pounds of fat.

Now, the proposed reduction as I see it would involve -- and I put these figures on here again -- (placing figures on blackboard) 15% of the average production of 1932,-1933



of approximately 5 billion pounds of fat; which would amount to 450 million pounds of fat.

The t. b. eradication program, estimated loss of cows, 250,000 cows, on the average of 200 pounds of fat -- because I believe that the t. b. eradication will take better than the average cow in the herd. We have found that quite often it takes the best cow out of the herd. That would involve 50 million pounds of fat.

The family cows, I would say according to my estimate, would take 500,000, and that probably would be the poorer cows. I only estimate 150 pounds of average fat production for those cows and that it would take an additional 75 million pounds of fat more.

The Bang's disease eradication would take 300,000 pounds, at least 250 pounds of fat, because there again they will take some of your best cows. That would involve another reduction of 75 million pounds of fat.

So that the total proposed reduction on the administration program involves 650 million pounds of butter fat.

Now I believe I have just proven to you that the outside burdensome oversupply in the dairy industry would not exceed approximately 100 million pounds of fat. I can't see any sense at all in trying to reduce milk production to such an extent, and just create an artificial shortage.

It is rather bewildering to the individual farmer to have one department of the administration advocate a reduction of 650 million pounds of fat and have another department appear with the statement that there are 7 million undernourished children in the country who should have milk and that if every person in the country had his proper portion of dairy products it would require an increase

of 67% in production equivalent to 15 million cows.

That is what the department of agriculture says!

(Loud applause)

The administration proposes to use 5 million dollars for the purchase of surplus milk for relief purposes. Does the administration mean to say that 5 million dollars collected from processing taxes, which I contend the farmer will pay, is to be appropriated for relief?

If so, the dairy industry, is the only industry to my knowledge which is to be taxed openly and directly for poor relief, although we all know that indirectly farmers have assumed the burden of feeding the poor during the last generation. (Laughter and applause).

Inconsistencies throughout the program are plain and often glaring.

On one hand, the secretary contends that there are too many cows, and on the other hand, he states that no reduction in cow numbers is contemplated, because of the effect it would have on the beef industry.

Can a reduction in the volume of milk from the same number of cows possibly involve a benefit?

That is a question to my mind.

On one hand, the secretary states that the plan is intended to raise prices and on the other hand, he states that he agrees with those who insist that dairy industry revival depends on revival of consumer buying power.

The whirlpool of economic fallacies and inconsistencies, truly is ever-widening in its destructive effects.

Now I would like to say something in behalf of the breeder of livestock. This applies to swine dairy and beef cattle. The swine breeders' market has already been



practically wiped out. I speak from actual bitter experience. I sold last month five pure bred gilts, averaging 250 pounds ready to farrow within two weeks at \$8.00 per head at a public sale. These sows had to be sold to comply with the corn-hog contract. (And that is some of the benefits that you have not anticipated, I believe). (Laughter).

The market for pure bred cattle has suffered even more, than any other branch of agriculture. Any breeder will confirm this statement. State institutions throughout the country now control practically 50% of the breeding stock market. These institutions being exempt from the imposition of the tax, and not subject to a reduction program, would without any question assume full control and wipe the breeder of pure bred dairy cattle clean off the slate.

Many breeders have so curtailed their testing program for production from sheer economic necessity, awaiting an improvement in market conditions, that their proposed base on an average of 1932-1933 production would make it impossible for them to resume official testing work, which involves maximum possible production per cow without being confronted with the necessity to reduce their herds to the vanishing point and practically forego the results of a lifetime of breeding up operations. Again I speak from my own actual bitter experience.

The two year proposed base is particularly unfair and inequitable to the old established dairy states.

Statistics show that they have not substantially increased their production over a period of five years. As

a matter of fact they have reduced production while every one of the newer dairy section shows percentage increases in the last two years out of all proportion to these older dairy sections.

The proposed plan provides for an appropriation of \$225,000 to assist dairy farmers to adjust their production and sales.

If the material submitted by Mr. Nystrom is a sample of what we may expect in the way of such advice, I feel "the Lord help the dairy industry". I would supplement Mr. Nystrom's suggestion that for the next two weeks the dairy farmer drink another glass of milk, that for the next two weeks he drink all his milk, and he won't probably worry then about an increase in price.

(Applause).

JOHN D. JONES; The second action taken by the conference last week, and the reason, was incorporated into this resolution:

"It is the sense of this group that the imposition of a processing tax on dairy products and payment of benefits for reduction will not result in a net benefit to the dairy farmer of Wisconsin as anticipated or assumed by the sponsors of this proposed administration plan."

This resolution will be discussed by J. C. Nesbit, Secretary of the Wisconsin Dairymen's Association. Mr. Nesbit.

J. C. NESBIT, Port Atkinson, Wisconsin;

Mr. Chairman, Gentlemen from Washington, and Dairymen of Wisconsin; There are three points that I would like



to make on the processing tax contemplated under the dairy program presented by the Agricultural Adjustment Administration.

The first is that the tax will be paid by the man milking cows.

The second point is, that a processing tax, as set out in the Act explained here this morning, is compulsory, and not a voluntary measure.

And the third point is that I would like to make is that this processing tax, if placed in the hands of men who have too little practical understanding of the problems out on the farm, it may work innumerable hardships on this our dairy industry.

I am going to read to you people one or two remarks from the daddy of this plan, our own Professor Froker of the University of Wisconsin. In November a University publication carried practically the same program that has been outlined to us here today, under the name of R. E. Froker; and I want to read a few things that he said at that time:

"The Agricultural Adjustment Act provides that benefit payments are to come mainly from processing taxes. Unless accompanied by a reduction in output the principal burden of such a tax on dairy products is likely to fall on producers in the form of lower prices than would otherwise prevail."

He goes on to say:

"It is not at all certain that it would be to the interests of dairymen as a whole to reduce production to the extent that it would immediately bring about parity prices for milk products."

He also says:

"A heavy processing tax would admittedly result in a low general level of prices for dairy products, but it would provide substantial benefit payments to those farmers who participate in the program."

He further says:

"A sizable processing tax could be levied so as to increase the benefit payments. If the tax is large it will tend to keep the general price to farmers relatively low, thus discouraging non-cooperating farmers from increasing their production and also new producers from becoming dairymen."

The point that I am trying to make is that there is not much reduction in the picture; and an economist from our institution, the University of Wisconsin, says that without reduction the farmer will pay the processing tax through low prices.

Secretary Henry A. Wallace on Monday of this week, at a meeting similar to this in Philadelphia, said:

"But in the case of dairy products, the situation must be examined from a consuming viewpoint with unusually great care, because normally we export almost no dairy products, and because today there are millions of children who are drinking only one-half as much milk as they should be DRINKING. We want to be sure that our program will result in more of our children having milk, rather than less!"

And if he says that about whole milk, he has got to say it about cheese; and he has got to say it about ice-cream; and he has got to say it about butter; and he has got to say it about other dairy products that handle 85% of Wisconsin's milk supply going into these manufactured



products!

(Loud applause).

To bring out the other points let me take a few figures that are presented by the administration to show that the 40 cent benefit, with the word "about" in front of it, is rather significant. For that word "about" may mean something different than 40 cents a pound fat, and if it does, you and I better watch out.

But before I go into that I want to say that it appears no appreciable immediate reduction is in the minds of our Secretary of Agriculture and a few higher-up economists. It appears that our Washington economists agree that no price increases can be expected unless city pay rolls come up. The only sane, sound, logical deduction from this material is that the man milking cows will pay the tax.

If the farmer does pay the tax, and if there can be no raise in price brought about by the dairy program itself, the following figures illustrate what will happen to the signer who agrees to reduce 15 per cent on his past two years' production in order to get benefit payments:

A Wisconsin farmer whose average production for 1932-1933 was 1000 pounds of fat, actually received in 1933 for his dairy production 1000 x 21 cents, or \$210. This year he agrees to produce 15 per cent. He therefore sells but 850 pounds at 21 cents, or he receives \$178.50. If he receives the maximum promised benefit of 40 cents for his reduction, his income will be increased 150 x 40 cts or \$60. This makes a total income of \$238.50. The computation, however, is not complete

complete until from this gross income the 5 cent tax on 350 pounds of fat, or \$42.50, is subtracted.

His net income this year under the plan will be thus \$196, or \$14 under the same market conditions with no dairy plan! (Applause).

But what proof have we that the benefit will amount to 40 cents a pound fat on our reduction. As I said, the word "about" precedes that 40-cent promise, in all governmental announcements of the plan.

According to an AAA release March 29, 1934, dairy farmers in 48 states are to benefit \$150,000,000. This must be raised by a processing tax. This same report gives a total fat production in 1932 of 2,934,200,000 pounds. \$150,000,000 benefit will accrue from a reduction in our national production of 375,000,000 pounds. This leaves a taxable production of 2,559,000,000 pounds. At 5 cents this will raise a fund of \$127,950,000. How can a \$150,000,000 benefit be paid out of a \$127,950,000 collection? That is the amount of money that can be raised by a 5 cent processing tax, to pay a promise of \$150,000,000. And there are only two things that that can mean: either the processing tax is going to be higher, or the benefit payment is going to be less than 40 cents a pound -- one of two things.

Now it is going to cost money to collect processing taxes. This dairy business covers America. So we have got to go out to collect this processing tax all over America. And it is going to take a lot of folks to do that. And if this program is presented as a relief measurement for unemployment, I can see where a lot of people can get a job right



there and thus put a lot of people to work.

(Cries of "Good", and applause).

In other words, from this \$127,000,000 that is going to be raised if we got the processing tax on the whole bunch, some of that is going to be necessary to pay the fellows who check up on men milking cows. Now that is going to cost some money. I hate to prophesy --because the other day my good friend Max Leopold said all the Jewish prophets were not dead; and when I explained I was a Scotchman, he says "There is no difference." (Laughter). So I hate to prophesy. But somebody has to prophesy on this matter. And if it costs two cents out of every five to police the dairy industry and to collect that tax, then you and I better charge it against the \$127,000,000. Let us take out two out of five cents that will never get into the pockets of the dairymen. It will get into the pockets of the men who go out and check up the dairymen. And the next thing is, how are you going to find a lot of those 4,500,000 people and collect a tax on their output?

Now there must be more expenses to deduct from this figure. About \$12,000,000 indebtedness on butter purchased and delivered to poor relief comes out, we understand. And there is that certain percentage of tax that cannot be collected. A guess might place this at 40 per cent. If it costs two cents to collect the tax, there will be left after all deductions about \$34,062,000 to pay benefits .

As I said before this means but one of two things: Either the tax must be raised, or the promised benefit payments lowered. The Wisconsin dairy farmer has not protection

against either of these if the promoters of this plan see fit to use their power under the Act.

Now let us be sensible. Thus far the dairy industry has been saddled with somewhere in the neighborhood of 12 million dollars to keep folks from starving. We have been saddled with that. Thus far we have been saddled with a bill for part of the processing tax on cotton -- because we buy cotton and cotton goods. We have been saddled with a part of the processing tax on wheat, because we buy flour, and feed, and we buy bran. Do we want to get saddled up now with a processing tax that will solve the unemployment situation?

Thank you.

(Loud applause).

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MR. JOHN D. JONES: To the conferences last week came a man from Rock County, who is a dairyman, who milks cows. And I am going to ask N. E. Patterson, who many of you know, to take the floor for ten minutes, and tell us what the farmer sees in this reduction program and the possible application of a processing tax. Mr. Patterson.

*W. G.*  
MR. E. PATTERSON: *Evansville Wis* Mr. Chairman, Gentlemen from Washington, Friends, and Dairy Farmers:

The chairman got my name wrong. He called on my brother; and if I had known he was in the audience I would have let him talk, because I think he could have done a better job than I could. I probably should say that I am pleased to get up here and talk to you and tell you my standpoint. But if you had known how I laid awake last night worrying



whether my knees would hold me up when I got up on the platform, you would know I was lying to you; and it is not my purpose to lie to you on this platform.

If you will let me digress a moment, I would like to quote a little personal story to start this out. I was born on a small farm down here in Rock county, in a little two-room shack, almost 63 years ago, that was boarded up and down with rough lumber, and finished roughly on the outside. And some time I think, just before or after I was born, my folks got money enough together to kith that on top of those boards inside, and to plaster it. And I was brought up there; practically brought up under a dairy cow.

My mother set this milk in crocks, six quart pans, and skimmed the cream off by hand, and it was put into a little churn, and butter churned and marketed. I as a boy was hitched on to the business end of that churn many a day. And I can tell you gentlemen, during some of these hot days in August, after I had been hitched on to that churn anywhere from thirty minutes to an hour and a half, I can tell you about one small boy who wished all these cows had been born bulls!

(Laughter).

Now it is easy for an economist to sit down, that has not grewed up on a farm, and figure out a problem, a proposition, for us dairy farmers to follow. It looks easy on paper. But practice tells the story. There is a good many things that comes into consideration there that only practice and experience will tell the story, the true story. We have allowed our dairy market to get away from us farmers from substitutes.

Now it seems that various parties down to Washington are quite concerned about that foster child of ours, the Phillipine. We took hold of him. We have done well by him. He thinks he is a big enough boy to stand alone now. I am glad they are going to give him a chance to stand alone. It is up to him. Why, if he thinks he is a big enough boy to stand alone, should he still sit with his feet clear under our table? We have some of our own flesh and blood that feel they are entitled to consideration. And that is our own people in the dairy game. And as my friend Jack Nesbit has covered that ground, the farmer pays the bill. Don't forget that, gentlemen. The farmer pays the bill.

One thing, they seem to think, or a great many seem to think that because we have always been able to pull ourselves out of the mire by our own boot straps we will still be able to do it this time. Give us half a show, gentlemen, and I believe we could do it yet.

But I will tell you we are into the mire, in deep now, and piling more rocks on these boots, and it is a pretty hard proposition. And I contend that this processing tax is another boulder weight on our boot straps.

Another thing that I will bring up that I intended to speak of; and that is these substitutes. The coccoanut cow doesn't require the attention that our dairy cow does. She is milked under conditions entirely different from our dairy cow; and under our climatic conditions here in Wisconsin we have to have more than a breach cloth ten months out of the year to protect us from the elements.



Take it from our wives and daughters -- and God bless them, they did their share -- they have been able to get a garment out of a very small yardage of material. But still, gentlemen, it takes more than a paper napkin to make a garment! And we are entitled to an income in order to buy that material.

Now they seem concerned with industry. Industry is allowed to set up a code -- which I contend is nothing more or less than a price-fixing group to set a price on their products. Every step that has been taken so far it seems to me the farmer has been exempted. Why exempt the farmer when everything else is protected with a Code? I consider it the farmers' duty to feed the nation; our first duty is to feed the nation. Nobody can say that we have not done so. We have fed the nation; even if we have not been compensated for feeding the nation. We have done our duty. Now why ask us to contribute any charity after we have already contributed our bit for the public welfare?

There is one other part there, and the most serious to me of all. As farmers have been individual. We have had individual initiative. These plans that are being handed to us are gradually encroaching on our initiative, taking it away from us. And that can be continued to such an extent that we will be nothing more than serfs. We won't dare to start out on a program without what we ask somebody what we can do, and how we shall do it.

My parents went through this proposition, and accumulated a little for a home, for a family, that us

children would have followed up in the farm game, have pride to hold on to the old homestead.

Now I have not all of my life stayed at farming. I spent twenty years of the best part of my life on the other side of the picture, gentlemen. I can see both sides of this question. I spent 17 years, hard years, all through the war years, in the dairy manufacturing game. And I think that I am qualified to think on both sides of the question. During what we farmers call the good years, we were not on a parity with industry. But we did not complain. We were making a living. We were getting a little bit ahead. We were putting a little aside to educate our children, to give them a better start in life; and we were satisfied. But when it gets to a point that our fixed expenses is more than our total income, you cannot blame us for rebelling.

Gentlemen, I thank you for this opportunity of appearing before you.

(Applause).

MR. JOHN D. JONES: Three resolutions adopted at last week's conferences read as follows:

"We ask that the American market for food products be guaranteed the American farmer before government action to reduce dairy production be attempted."

(Applause).

Resolution 2:

"We favor payment of fair average cost of production for that proportion of dairy production consumed



within the United States and only after cost of production plus a fair profit has been received should we be offered a production program."

(Applause).

Resolution 3:

"We favor a curtailment of increased farm production; first, through withdrawal by Government purchase of marginal and submarginal lands, and by returning such lands to public domain until there is obvious need for increasing agricultural production; and second, through elimination of reclamation projects until effective demand based on normal conditions warrants an expansion of agricultural production."

These three resolutions will be discussed by Hon. Fritz Schultheiss, Commissioner of the State Department of Agriculture & Markets of Wisconsin. Mr. Schultheiss.

ADDRESS BY MR. FRITZ SCHULTHEISS.

FUNDAMENTAL FACTORS TO BE TAKEN INTO CONSIDERATION  
IN DEVISING A PROGRAM FOR  
THE RECOVERY OF AGRICULTURE..

Mr. Chairman, Representatives from Washington, Ladies & Gentlemen;

I have been allotted a controversial subject. But I believe I can answer these or discuss these three resolutions best by giving to you a paper that I prepared on Fundamental Factors to be taken in Consideration in Devising a Program for the Recovery of Agriculture. What I say in regard to agriculture here is doubly true and holds true in the dairy industry.

The agricultural situation has not materially changed

from that of a year ago. Farm commodity prices have increased. However, the farmer's purchasing power is still at a low ebb. The articles which the farmer buys have gone up higher and faster than farm products. The operation of the farm is more expensive than before. The gains in farm prices have been more than neutralized through the operation of the National Recovery Act.

The one billion dollar increase in the farmer's income which is boastfully spoken of by the Agricultural Adjustment Administration will not change the situation. Between 1926 and 1929 the yearly farmers' income amounted to over eleven billion dollars. In 1932 it went down to slightly over five billion dollars. An increase of one billion will not in the least affect the farmer's purchasing power. The effect on the market for manufactured commodities will be insufficient. This slight increase will go to pay off the farmer's creditors and to meet the fixed obligations. In good or bad years the farmer must meet his fixed charges, such as interest, taxes, payment on mortgage, insurance and so on. Not until these charges are met does his purchasing power begin.

The recent increases in farm prices, particularly in dairy products, were due to the devaluation of the dollar to about sixty cents, more than to any other cause. Figures show that they had little influence on the farmers' buying power or buying ability. In January his purchasing power stood at 60, as compared with 100 in 1909-1914, or as low as in September and October of last year, and lower than last May. In February it was 64. I am not quite certain what the figure will be in March, but about 68 or 70.



A study of prices shows that even in so-called prosperous years the farmer is at a disadvantage with industry. In 1929 his purchasing power was .91. From then on it went continually down, reaching the low level of 53 in December, 1932. The index of 64 for February shows what a distance he must travel to reach even the parity price of 100 for 1090-1914. The one billion dollar increase in income spoken of by the administration is only a drop in the bucket.

Due to this disparity, the loss of income to the farmer was enormous. It is the most glaring proof that the farmer, even in so-called prosperous years, is far from receiving cost of production. The only criterion of the farmer's welfare should be cost of production. Industry cannot expect prosperity if there is no effort made to get the farmer cost of production. The farmer is a heavy consumer of the products of industry. The essential prerequisite of a revival of industry is the farmer's buying ability. This does not depend upon parity in reference to an arbitrarily chosen period, as is being done by the Adjustment Administration. The emphasis should be shifted from parity to cost of production. (Applause). Our goal will be reached only when we take this factor into consideration.

"Cost of production" is a much abused term. It is an object of ridicule on the part of many people. They say that prices are determined by the operation of market forces and not by the cost of producing commodities. They claim that all that can be done is to get the farmer as high a share of the price as possible. They fight every attempt to shift the discussion to the question of cost of

production. They brand as an ignoramus and a demagogue any one who attempts to bring up this question.

To these people cost of production may be a joke. But so far as the dirt farmer is concerned it is as vital to him as is the air he breathes. If a farmer's cost of production plus the outlay for his living expenses is \$1,000 a year, and he receives only about \$200, then it will not take him long to go bankrupt. And the great majority of our farmers are in this position. Foreclosures, inability to pay interest and taxes, dire poverty, are the definite and infallible proof of this contention. Those people who do not wish to take seriously the problem of the cost of production do not as a rule feel the pinch of adverse economic conditions. And no one who does not suffer from present economic conditions can adequately realize the problem faced by the majority of farmers today.

The price is the farmer's compensation for his labor. The price which the farmer receives should be fair and just. It should reward him adequately for his labor. It should leave him enough to support his family in comfort. The farmer as much as any one else is entitled to cost of production. His labor is definitely and concretely productive. In producing farm products he renders a service to society. Agriculture is the basic industry of the nation. Therefore, the services he renders society are more important than the services of others.

(Applause)

Indices of economic conditions do not as yet suggest that we are definitely on the way to recovery. We are



still in the woods, in a dense forest of depression. We have not as yet won the first battle in the war on depression. We cannot possibly win this war until we put the strongest battalion, agriculture, on its feet first, re-enforced by the second, equally as strong and important a battalion, labor. A vigorous public works program must be inaugurated at once by currency issue based on new wealth to create purchasing power among the working classes. This must be followed by a long time program to eliminate basic defects in our economic organization. Agriculture is an integral part of our economic machinery. Agriculture and industry are interdependent. Both agriculture and labor must receive fair compensation for their productive services through an equitable distribution of the wealth produced. We must approach the problem of adjusting production and demand on the basis of a just distribution of wealth produced by society. This can only be done through the elimination of exploitation in all its forms. For it is only when every factor in production is just remunerated that an efficient demand will be built up that will prevent overproduction. The artificial measures and patent medicine remedies of the Agricultural Adjustment Administration do not touch this problem at all. They are bound to result in still greater chaos.

The farm problem is not one of overproduction. It is a question of surplus control, efficient distribution, price regulation, and above all, national buying power. Our surpluses are not due to overproduction but to a

reduced buying power. It is obvious that we must have a certain amount of surplus from year to year in the nature of a reserve. A reserve of food stuffs and raw materials will safeguard us against shortages that might result from climatic disasters and a marked reduction in crops. We cannot take chances of going on short rations in bad seasons.

We must have this reserve of food and raw materials. But it would be criminal to allow a reduction of farm prices as a result of the existence of this reserve which is our safeguard against possible starvation.

On the other hand, nothing can be gained by destruction of property in trying to bring back prosperity to the nation. Production control measures, even with benefit payments derived from processing taxes, will not produce desired results when applied to farming. -- This has been clearly demonstrated a moment ago. -- These measures do not eliminate the sources of trouble and will not create a purchasing power for the farmer. They are artificial measures, and economically unsound. They will in the end greatly complicate the now complex problem, and will eventually defeat the recovery efforts of agriculture and industry.

Production control by the individual farmer cannot be effective. It is not only impracticable but physically impossible to tell millions of farmers how much of a given quantity each may produce, or how much of a given commodity he may produce, and to prevent their exceeding that allotted



production. Moreover, no one can foretell the size of the harvest at the time of plating. Reduction of acreage on the individual farm does in no way guarantee reduction in production. Climatic conditions and efficient farm management may interfere with such a program. Quite often the past years of smaller acreage saw the largest volume of production. That is also true of animal products in which the availability of feed supplies and educational influences as to feeding methods will have much to do with the defeat of a production control program.

The farmer has the ultimate responsibility in the permanent solution of the agricultural problem. We must follow his product as far down the line to the consumer as possible. He must build up a cooperative marketing system in place of the present expensive distribution mechanism run and dominated by private individuals and corporations.

(Applause).

But while this farm controlled and farm owned marketing machinery is being built, governmental assistance is essential. This assistance should follow the direction of price regulation, tariff protection, and fair taxation, to save agriculture and the nation from total collapse.

At the recent Governors' Conference at Des Moines it was unanimously agreed that farm prices must be fixed at an average level covering cost of production plus a reasonable profit. These prices are to apply to that part of farm production which can be consumed in the home market. Farm prices must be established at a level which will enable the farmer to meet his obligations and to buy the

products of factories. If this principle is not conceded to agriculture, there is no hope for recovery in industry.

The various codes of the National Recovery Administration provide and fix prices at cost of production plus a reasonable profit. There is no earthly reason why agriculture should not receive the same consideration. Agriculture is an integral part of our economic structure. The various parts of this structure are intimately related to each other. The success of one code determines that of the other. If agriculture is not given the benefit of regulations similar to those contained in industrial and mercantile codes, the whole National Recovery Administration program will go to a spectacular defeat. The agricultural depression which started way back in 1920 had the most determining influence in bringing about and intensifying the present crisis. Agriculture lost most of its purchasing power during the latter part of 1920 and has never recuperated from the shock.

The Agricultural Adjustment Administration is attempting to solve the problem through the reduction of the so-called 'surplus'. Neither the Administration nor any one else can actually contend that there is a surplus, until normal purchasing power has been restored. (Applause).

Facts show that there is under-consumption and not over-production. Under consumption is the result of lack of purchasing power. Purchasing power is lacking because the producers on the farm and in the factory do not receive adequate compensation for their services.



This in turn is the result of exploitation on the part of individuals and corporation who have monopolized the economic power. By trying to reduce the so-called 'surplus' the Agricultural Adjustment Administration is attempting to change conditions by adapting them to the system of exploitation prevalent in modern society. (Applause).

The reasonable way of attempting to improve the situation is to first eliminate the various forms of exploitation which have brought about the present crisis. The program adopted by the Midwestern Governors' Conference at Des Moines, last fall and again this March, based on the consideration of cost of production for agriculture will prove an effective step in eliminating economic exploitation and bringing about a more equitable distribution of wealth. And without substantial changes in the present system of distributing the wealth produced by the nation, no lasting and basic improvement is possible.

From the point of view of the present society we will all agree that price fixing is wrong. Free competition and the normal functioning of the law of supply and demand should bring about fair and just prices. This is the theory. But it so happened that at no period in our history, and now less than ever, free competition had or has any chance to work. Prices were fixed right along, whether under the form of tariff or as the result of monopoly. The great farming population, which constitutes at least 30 per cent of the population of the country, and whose purchasing power should absorb under normal conditions

50 per cent of the production of the country, has never had the chance to use the same methods of price fixing as the other agencies in industry have had. And this is the main reason why, with smaller production of milk, farm prices and the farmer's purchasing power is also lower.

In 1924 milk production in the United States was 114,666,000,000 pounds, while in 1932 it amounted to 101,863,000,000 pounds. At the same time the price index for milk in Wisconsin was 140 (on the basis of 100, 1909-1914) and in 1932 it was 70.

The farmer's purchasing power in 1924 stood at 93 (on the basis of 1909-1914) while in 1932 it went down to 65. We all agree that artificial price regulation and price fixing are wrong, but we are now in an emergency.

Prices for industrial products have always been fixed in some form or another, either through tariffs or the power of monopoly, and now they are definitely openly fixed through the activities of the NRA. Therefore, in order to give the farmer the same advantage in the market as the other agencies have, it is essential, as an emergency measure, to fix prices on farm products so as to bring the farm prices up to a parity with the prices of the products which the farmer buys.

(Applause).

I am going to add in here that the given result of this is a direct tax on agriculture, besides agriculture paying its own taxes and taxes of every one else that they buy products from. (Applause).

It is the disparity between these prices that resulted



in the increase of mortgages and foreclosures and in the bankruptcy of the farming population. With the sanction which the Government gave to price fixing in industry as exemplified by the NRA there is no reason why the same emergency argument and power should not be used to fix the prices for farm products on an equality basis with the prices of industrial commodities.

It is generally admitted that cooperative marketing is the medium by which farm commodity prices can be favorably stabilized. While this is being developed, agriculture must have the assistance of the Federal Government in a program for the establishment of better prices on farm commodities consumed by the American people.

The Federal Government, however, should in establishing better prices take into account the elements of cost, create finance and credit facilities gauged to the needs of agriculture, and stop the speculation in agricultural products. It should be understood, however, that in fixing prices the farmers cannot expect that these prices be fixed at a point of cost of production immediately. Cost of production will be the ultimate goal. The prices to be fixed must always be gauged by the purchasing power of the consumer, and as such purchasing power increases, prices to the farmer must have these increases in purchasing power reflected in his fixed prices.

The farmer should in consideration of the assistance given through price fixing by the government be willing to subject himself to a strict supervision (with absolute penalties against offenses) so as not to allow any undue

increase in operations on his farm other than he has pursued during the past ten years until normal conditions again exist and the then existing effective demand calls for an expansion of agricultural production. This should be accompanied by a program of taking submarginal lands out of cultivation.

And this leads to a simple and economically sound plan for improving conditions for the agricultural interests in the United States.

In keeping with President Roosevelt's Recovery Program, it is proposed to:

1. Organize all producing groups under national commodity cooperatives, with state subdivisions when and if possible, with the state cooperating to market collectively and cooperatively the products of agriculture, that can be consumed locally, within the state and in the nation. This should make for favorable bargaining on the part of the producers for the products consumed by the American people and assure them a fair return, to give them the purchasing power now lacking for that portion of their production.

2. Have the Federal Government (incidental to this program sponsoring cooperative control and marketing of agricultural products for which there is a demand in this country) set up one or more surplus absorbing and exporting corporations, which would buy the surplus of all farm or agricultural commodities, to either sell, convert or dispose of these as it sees fit, to keep them out of our channels of trade, and when possible use them to establish favor-



able trade balances in its foreign commerce. Such corporation or corporations to be eventually taken over by the agricultural industries in a way similar to that used in establishing the present federal reserve banking system, when and if conditions warrant it.

In proposing this program it should be borne in mind that remedies must consider agriculture as a whole and not only its various parts. Unless this is done, agriculture will again revert to a state of chaos because of lack of balance between its various parts.

That the program outlined above is in direct keeping with the views held by President Roosevelt is evident from the following quotations from his speeches:

In his address given at Topeka, Kansas, on September 14, 1932, he stated:

"The idea of limiting your production to the domestic market was simply to threaten agriculture with a terrific penalty. Either he (and he then referred to Ex-President Hoover) did not see, or he did not care, that this meant allowing wheat land in Kansas to remain idle, forcing foreclosures of farm mortgages, wrecking farm families, while our withdrawal from the world's markets principally benefitted foreign producers" and "he did not ask manufacturers to reduce their exports."

In another address delivered in Boston on or about October 27th he said:

"We need to give fifty million people who live directly or indirectly on agriculture a price for their

products in excess of their cost of production. That will give them buying power to start your mills and mines to work to supply their needs. They cannot buy your goods because they cannot get a fair price for their products."

These are the words of President Roosevelt in 1932.

In the issue of May 13, 1933, of the Wisconsin Agriculturist and Farmer, was printed the following from editorials written by Henry A. Wallace, Secretary of Agriculture: (I could cite thousands of this kind which were given out over his own signature).

"What we need is a price level pegged at least 50 or 60 per cent above pre-war." November 11, 1921.

"We want real inflation, and we want it quick. And because we are conservative men and do not want the headache which inevitably follows excessive inflation, we want control of such a nature that prices will stop when they have reached the level of 1926. Actually and fundamentally, the injustices which the debtors of the United States are suffering from today are more serious than those which provoked the American Revolution. ' ' ' The injustice done to the American colonies by King George III was much less than has been done to the middle-western farmers ' ' ' during the last 12 years." August 6, 1932. These are not my words, folks; these are the words of Secretary of Agriculture, Wallace.

The above quotations from the speeches of the President show that he fully grasps the significance of agriculture being given equality with industry in the determination of



prices. However, programs and the activities of the Agricultural Adjustment Administration do not seem to coincide with President Roosevelt's views and procedure.

#### SUMMARY AND CONCLUSION.

The sum and substance of my argument is that the farmer must have cost of production. The usual argument against the cost of production principle is that it is unworkable, because of the variables resulting mainly from differences in the quality of land and in the efficiency of individual farmers. This is the stock-in-trade argument of all those who do not care to take into consideration the fact that there are variable factors in every industry, and still the NRA is applying the cost of production principles to its recovery program of industry.

So far as farming is concerned, the two most important variables are those mentioned above, namely, the quality of the land and efficiency of individual farmers. So far as the first variable is concerned it can be removed almost in its entirety through the withdrawal by Government purchase or marginal and submarginal lands, and by returning such lands to public domain. The land that will remain in cultivation will contain variables within only a narrow range, and therefore will be easily susceptible to determination so far as the quality of land factor in the cost of production is concerned.

The same is true of the other variable which is usually cited, namely, the difference in efficiency of individual farmers. There are of course very inefficient

farmers; but again in this case the great majority of farmers can be included within a very narrow range of differences in efficiency. If every one of you farmers present here take mental stock of your neighbors within a wide radius you will have to agree that possibly with one or two exceptions they are almost all equally efficient.

In this connection I wish to point out that individual efficiency depends frequently upon the type of land that is worked. The taking out of cultivation of marginal and sub-marginal land will decrease considerably the proportion of extremely inefficient farmers.

Other items in cost of production vary almost not at all; namely, taxes, investment, farm labor wages, etc. In general our dairy farms are fairly uniform, and are run and managed in a fairly uniform manner, and therefore can be easily subjected to a cost of production determination.

The arguments against the possibility of such determination are usually based on generalizations which do not rest on the results of a study of facts. The question is of such importance that it would be well worth the Government spending a sum of money to study thoroughly this problem. There have been investigations of cost of production made here and there, but they were all of slipshod nature.

And I want to say, with all due respect to Mr. Wallace, I have known Mr. Wallace personally, sitting with him in meetings in Des Moines, and way back as far as 1925 he advocated cost of production. I would like to have that entered in the record. He was a member of the committee



which laid down the methods of determining cost of production and again in July, 1932, approved the same methods and their results.

In conclusion I wish to state that in case price fixing is applied, that each farmer will have to be protected against the possibility of his neighbor taking advantage of the situation through the expansion of his operations. This should be prevented through strict regulation coupled with heavy penalties prohibiting undue expansion of the individual farm operations beyond those ordinarily practiced during the last ten years.

I thank you.

(Applause).

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JOHN D. JONES: Ladies and Gentlemen, among other matters considered at last week's conferences was one relating to disease control and eradication; and the two subjects of immediate importance in the minds of the conferees were Bang's Disease and Bovine Tuberculosis.

Presentation of this matter will be made by a breeder of pure bred cattle, who is also a producer of milk in one of the larger city milk market areas of this state, Mr. Harvey A Nelsen.

ADDRESS OF HARVEY A NELSON.

(BANG'S DISEASE).

Mr. Chairman, and Members of the Agricultural Administration.

I might say that I am up here to represent an organization of cooperative dairy farmers in Racine County, that has a membership of 500 members signed up on a five-year

contract. I will also state that I have been asked to speak for the Holstein breeders of the State of Wisconsin. I was appointed on a committee at our annual meeting to study the advisability of recommending the eradication of Bang's Disease.

I might say that reference was made here this morning that we should run our business like an industry, and when we had too much goods produced we should lay down and say cut it down to ten per cent like some industries did.

I would like to ask the gentleman how we could hang our cows on the wall, ninety per cent of them, and milk the other ten.

We have got a different problem before us altogether than industry has.

I might say that personally I am entirely opposed to the processing tax, under any form, and I think I speak for our organization. (Applause).

It seems to be the feeling of this administration that in order to have relief we must have decreased production. I think eradication of Bang's Disease -- and I am not going to say much about it, because as far as our state is concerned it is pretty well taken care of; we have paid the bill as to tuberculosis eradication; but there is a lot to do in Bang's disease. And in order that I may give you the most in reference to Bang's disease in the shortest possible time, you will have to pardon me if I read most of this from the paper.

In looking back into the history of animal disease



control in the United States, we find that the United States Department of Agriculture, through public funds has lead the attack in the past on such devastating animal plagues as foot and mouth disease, contagious plural pneumonia, Texas tick fever, scabies in the different species of animals, and bovine tuberculosis.

In all of these diseases and others which have been given attention in this country at the expense of public funds, the primary reason for spending enormous sums to place these diseases under effective control was to reduce the economic losses which these diseases produced. With some of these diseases it is true that the public health angle likewise was an incentive for their control, but the impetus responsible for the appropriations of vast sums to control these diseases was the desire to prevent the continuance of the large economic losses which these diseases were taking annually.

Bang's disease, or what is known as contagious abortion, in cattle, has been known to be a destructive disease to the cattle industry for more than a quarter of a century. This disease has continued to spread during the last twenty-five years, to that now it assumes a position of being the most destructive disease of cattle in the United States. There are diseases such as mastitis and others which likewise are giving grave concern. However, in this instance our discussion will be confined to Bang's disease.

A few years ago it was estimated by the Chief of the Federal Bureau of Animal Industry that Bang's disease takes an annual toll in the United States of approximate-

ly fifty million dollars. This loss is brought about by the ravages of this disease in loss of calf crop and in reduced reduction. It was further stated by this same authority that this disease has doubled within the last ten years.

During the last five years the attention of livestock owners and livestock sanitary authorities has been prominently centered on Bang's disease. Considerable work in the control of this disease has been performed. As a result of this attention and the effort made in the control of this disease, more accurate information has been developed which enables us to more accurately appraise the actual losses which are occurring from this malady.

In Wisconsin alone it is believed that dairymen and cattle owners lose more than five million dollars annually as a result of this disease, according to the estimates which have been made recently. This, as you all appreciate, is a tremendous drain on the resources of the industry, and plays a very important part in the economy of dairying and cattle raising.

If the losses from Bang's disease could be practically eliminated, dairying even under present price conditions would be relatively more profitable. It would enable the dairyman to produce for less, and even at present day prices of dairy products he would find himself in a relatively better position.

There is a very urgent need for an extensive program in the control of Bang's disease. It is true that the disease has increased so that it has doubled itself within



the last ten years, and as time goes on the disease will be spreading in increasing proportions.

Likewise, the havoc which is being wrought in our cattle herds is becoming more and more costly. By deferring this problem of disease control in our herds merely creates a greater problem, and the time is soon at hand when Bang's disease in cattle will become so burdensome that by force of necessity governmental agencies will be forced to initiate an extensive disease control program in respect to this disease.

In Wisconsin we have already tested approximately 425,000 cattle for Bang's disease up to date. Approximately 127,000 cattle have been tested within the last twelve months. At present there are about 6,000 herds that are under the Bang's disease control plan, and we have approximately 425 herds which have been certified as free from the disease.

The volume of work in Bang's disease control which has been done has been sufficient to teach us a few lessons. One of these lessons is that it is rather difficult to maintain a herd clean when all the neighboring herds or most of them are affected or infected. The fact that the disease is prevalent in the vicinity of a clean herd creates a menace to the clean herd.

Disease control problems become community problems and a public obligation. It is apparent that under the present system of voluntary efforts at the herd owner's expense, the disease cannot be controlled in a large

measure. The large majority of farmers are in such a position that they cannot afford to undertake the control of this disease. As long as the majority are not economically in a position to undertake the control of this disease efforts of the minority will always be in jeopardy. The course which must be followed in order that this disease may be brought under effective control clearly points in the direction of control of this disease by governmental agencies at government expense.

From recent figures at hand it is apparent that from thirteen to fifteen per cent of the cattle in this state are infected with Bang's disease. It is now definitely known that other states are infected in an equal proportion, and in some few instances the infection may be somewhat higher.

At a glance it is evident that the Bang's disease problem, as far as Wisconsin is concerned, will be at least five times as great as our problem in the control of bovine tuberculosis, and consequently we may expect on an average that the cost will be approximately five times greater than the cost of controlling bovine tuberculosis.

Ten years ago if the work had been undertaken in respect to Bang's disease as it was in respect to bovine tuberculosis our problem would have been approximately half as great as it is today. If we permit this disease problem to develop, it will reach such proportions as to be considered beyond the realm of financial possibility to attack, and as a consequence future generations will have to continue to pay an enormous toll annually on the altar of this disease.



At the present time there is no valid reason why we should not go ahead and attack this problem. There is sufficient information available so that we can exert our efforts in the control of this disease with very reasonable efficiency. We have already had considerable experience in controlling this disease to indicate that it can be placed under effective control. In making comparisons with the effectiveness with which Bang's disease can be controlled as compared to the control of bovine tuberculosis, it is very clear that Bang's disease can be as readily controlled as bovine tuberculosis.

Questions have been raised in regard to the reliability of the test for Bang's disease. For the most part these questions have come from those who are not in the possession of sufficient information regarding results obtained as a result of Bang's disease testing. Some may have used individual herd experiences to formulate their opinion on the reliability of the test. Careful study of the results obtained in the testing of large numbers of herds for Bang's disease, and comparing these results with the tuberculosis eradication results, we find that the test for Bang's disease is equally, if not more efficient than the test for tuberculosis.

No claim is made that the test for Bang's disease is 100 per cent efficient, but it can be safely stated that the test will perform very efficient and satisfactory work when it is properly applied and properly interpreted and if the proper sanitary program is followed out to support the results of the test.

It is almost surprising how the rank and file of the farmers in this state are expressing a demand for the control of Bang's disease. Inspectors who have visited every one of the 180,000 farms in our state report that a very large majority of the farmers make inquiries as to when the state and federal governments are coming into their herds to clean up Bang's disease as they are cleaning up tuberculosis.

It is very apparent from this great interest that this large number of farmers is showing, that they as farmers regard this problem as a serious one, and that they realize that they cannot individually cope with the situation, and that they are waiting for governmental agencies to do for them in Bang's disease what they have done in bovine tuberculosis eradication. It is only natural that farmers reason by comparison. They see the splendid results accomplished in bovine tuberculosis control. They knew from their own knowledge<sup>of</sup> what has happened in some of their neighbors' herds that Bang's disease can be likewise controlled, if undertaken on an extensive community basis.

Practically all the states in the Union have formulated regulations which prohibit the importation of cattle unless they have passed a satisfactory test for Bang's disease. Some of the states have gone further and have formulated most unreasonable regulations. In one instance, a state formulated a regulation that it will not permit the entry of cattle unless they originate in herds that are known to be free from the disease on the basis of successive negative herd tests.



I am just mentioning these facts in respect to the interstate regulations of this disease to point out and emphasize the importance that this disease occupies in the minds of livestock owners and livestock sanitary officials. If we in this state are to continue on an export basis, it is evident that we must give very prominent attention to the control of this disease.

Although it may not be desirable at this particular time to undertake the control of the disease on a compulsory basis, it is very evident by the interest shown in this problem that there will be no difficulty in securing any number of large communities which will take advantage of a reasonable and satisfactory program in the control of Bang's disease and sign up en masse so that such communities may reduce to a minimum the hazard of reinfection.

As indicated previously, we have approximately thirteen to fifteen per cent of the cattle infested in this state, and that infection may be found in fifty to sixty per cent of the herds. We still have forty per cent of our herds free from the disease, and if something is not done on an extensive basis to effectively control this disease, it is certain that a considerable proportion of this forty per cent will become infected within the next decade.

We also know from our experience in this state that approximately half of the infected herds have the infection in a dormant state, and that a large proportion of these herds that are infected in a dormant or quiescent state may be freed from the disease on the basis of one or a very

few tests. The problem with the other half of the infested herds is somewhat greater. It may take very persistent effort in some of these herds which have active infection, and this effort may have to be sustained for a considerable period before the infection can be subdued.

If it were necessary and desirable to do so, and if sufficient funds were available, we could with the trained veterinarians available, all set and ready to go, test a half a million cattle a month, and the entire cattle population of the state of Wisconsin could be tested in approximately four months.

It is evident, however, that such rapid-fire work will not be necessary, but mention of it is only made in order to indicate that if sufficient funds are made available, the work can be done on a very satisfactory and efficient basis, and that the entire cattle population of the state could be tested within the next twelve months.

One of the questions which is so frequently raised and which comes up to the mind of all farmers thinking about this disease, is if a program for Bang's disease control is put into effect, how much indemnity may be offered for animals that react to the test and are sent for slaughter. Here again it is observed that farmers reason by comparison. It is the opinion of those who have had a wide opportunity to gather the concensus of opinion of a large number of farmers that a fair indemnity figure will be satisfactory to the rank and file of farmers.

During the past year farmers have stood by and ob-



served governmental projects employing large numbers of men who were receiving pay far in excess of that which they may have been paying their own hired men. In fact there were considerable numbers of farm boys who have deserted their farm jobs in order to accept employment under governmental projects where they could receive increased wages.

These conditions have increased the expectation of the farmer. His state of mind is different than it has been several years ago. In addition to that, right at this particular moment the farmer is feeling the pinch of our economic readjustment. For the most part he is not getting more for his products than he has received during the past two or three years. He realizes, however, that he has to pay considerable more for the necessities which he must purchase. The increase in price of the commodities which the farmer purchases has risen way out of proportion to the small increase which he may have received for some of his farm commodities. The dairy farmer feels that economically he is in a worse position today than he has been at any time since the depression began.

When you find a large group of farmers in a state of mind such as this, you can readily appreciate that if a dairy relief program is offered, which will provide for the elimination of diseased animals, the farmer will expect at least a fair break. He will expect that indemnity on condemned animals should at least compare favorably with the indemnity he is receiving at the present time on animals that react to the tuberculin test.

In addition to indemnity payments it is obvious that

government funds will have to take care of the operating costs. Special arrangements should likewise be made that funds be furnished under the program to take care of the expense in respect to cleaning and disinfection. Eliminating the diseased animal is taking away the bulk of the infection. However, there is considerable infection left about the premises, and it becomes a part of the control program to properly clean and thoroughly disinfect the quarters inhabited by the diseased herd.

One of the big stumbling blocks which seems to encounter any proposed program for dairy relief is, "What to do with the Surplus Cattle". It is apparent that if we are going to have a reduction in the production of dairy products, we must reduce the dairy cattle population in some way.

If the cattle population is reduced and the animals which are culled from the herd sent to market, there will be a flooding of the market with a demoralization of the meat market, not only in respect to beef but in respect to other meat. In fact, the evil of such a procedure will go further. Food commodities, other than meats, would likewise be affected. There seems to be only one possible course which may be followed, and that is, when animals are condemned as the result of being diseased, that they be bought outright by the government from direct appropriation and not from a processing tax and then be utilized in such manner or disposed of by such means as are most practical. It appears that there will be no objection on the part of the public if the government actually disposes of diseased cattle by tanking them and using the products for commercial



purposes. It is appreciated that there was an unfavorable reaction at the time that large numbers of healthy pigs were handled in this manner. This problem is different. It has a disease aspect, and consequently the effect on the public mind is different.

It may seem to you that the problem in respect to Bang's disease is a rather large one to undertake at this time, and that the funds necessary for the control of this disease will mount into large figures. However, there will never be a more opportune time to undertake this kind of a task than the present. At the present time we are in dire need of a reduction of our dairy cattle population. The Bang's disease problem offers the best kind of an opportunity to effect that reduction. We will be achieving a two-fold purpose; we will be eliminating a devastating disease and at the same time will be reducing the dairy cattle ~~pop~~ population which will enable us, for a temporary period at least, to reduce dairy production to the present level of consumption. Every aspect in connection with Bang's disease control seems to fit in with our present problem.

It is recognized that there are other worthy plans which should receive consideration at the earliest possible time. The elimination of the poor producer, the objective of one of the plans, is a most worthy one. Ultimately we will have to come to that. However, disease control, by virtue of its nature, should receive priority consideration. It would be a poor policy to develop a herd of excellent-producing animals without giving first consideration to the disease problem. The dairy industry cannot be

built on a sound foundation until the disease problem is well in hand.

Now in summary may I state, that there is a very pronounced and wide-spread demand for the control of Bang's disease. We have the organization ready in this state to proceed with the work at a moment's notice. There is a great need to eliminate Bang's disease in order that the farmers may be in a position to produce dairy products at lower cost and the Bang's disease elimination program will effect a reduction in the dairy cattle population. All of these features work in harmony with the task that is before us. This is a very opportune time to undertake such a job.

I might say along this line that I think that this is a program that can be put into operation more quickly and that will result in a reduced production more quickly than any one we have talked about yet.

In closing I want to say that the benefits of Bang's disease control will not extend to the farmer alone but likewise to the public in general. If the farmer can sell for less, it will surely mean that the consumer of dairy products will be able to buy with advantage. If the dairyman can conduct his business and produce dairy products cheaper as the result of cutting down his overhead, it places him in a better economic position. It has been observed that if the farmer thrives, the rest of the country thrives. This Bang's disease program will benefit not only the cattle industry, but the entire country as well.



CHAIRMAN HATCH: Mr. Lauterbach wishes to ask Mr. Nelson a question to place in the record. Mr. Lauterbach.

MR. LAUTERBACH: I am personally very much interested in this paper and believe it has some great possibilities. I would like to ask Mr. Nelson whether he has given consideration to any plan for the continuation of the test after the first year, as to whether we would want the federal funds for that purpose, or whether possibly the states would be willing to furnish part of the funds for that purpose? Because we all realize, in order to do a good job, it will have to be continued for some years longer.

MR. NELSON: My idea was that we should have an appropriation similar to what we had for tuberculosis, probably on a fifty-fifty basis with the state and federal government. I think that the work should be followed up, as we have the work on tuberculosis, under our Department of Agriculture. The herds should be tested regularly after they are cleaned up, because if we don't follow the thing up we will go right back in the same rut that we were in before. One animal can do a lot of damage in six or seven months' time. Possibly we will have to test oftener than once a year; but once a year is better than not at all.

MR. JONES: The last point of the program that we conferrees considered last week is embodied in the following resolution:

"We emphasize the fact that the only sound, practical, and economical dairy production regulation program must be based on the accurate finding and elimination of the low producing dairy cow through regularly organized cow-testing work, and we suggest that this work be subsidized in part

by the Federal Government."

This topic will be discussed by Paul Burchard, President of the Wisconsin Dairymen's Association.

CHAIRMAN HATCH: We are just getting a little behind with our schedule, let me suggest at this time. We are going to give you an opportunity in a very short time to be heard on these questions and answers. Now, Mr. Burchard.

ADDRESS BY P. C. BURCHARD.

MR. CHAIRMAN, my Conferrees, and Ladies and Gentlemen:

Before I open my remarks I would like to make this statement for the Wisconsin Dairymen's Association; We very much desire that meetings of this character might be held throughout the entire State of Wisconsin, preferably by counties; at least by sections throughout the State; because we have felt that there has been too much said on this subject by men who presume to speak for the farmer. We desire to give farmers themselves an opportunity of discussing and understanding this question, in order that they might let their own vote go to Washington as a determination of what they want.

Now, to talk on this particular question, I presume they selected me because I have been interested in this particular problem for many years. I am just completing the 17th year this month of continuous membership in a cow-testing association.

(Applause)

I have attempted to reduce what I have to say to writing, in order that I might not exceed the time allotted to me.



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The poor cow, like death and taxes, is always with us. Yet, the sound program for this emergency, as it was yesterday and as it will be tomorrow, is to dispose of the cow that not only fails to pay her way, but passes on to countless generations her poor production. The best and most economical way of doing this is through a regularly organized cow-testing organization.

The average cow in the United States produces 167 pounds of butter fat yearly -- which means that some cows produce less than this average. How much money do they return for buying the things their owner wants?

Here is an illustration well worth thinking about again and again; A man owned 23 cows. He had that many cows because he had that many stanchions. Those 23 cows returned a total yearly income over feed cost of \$350. But what a surprise this owner got when he found that the ten best producing cows of the 23 in his barn actually earned for him an income over feed cost of \$445.

Here is a clear case of cull cows eating up \$95 worth of goods the farm family could have purchased had the 13 stanchions occupied by the cull cows been left empty.

Unfortunately a cull cow does not carry any outward mark to distinguish her accurately from her profitable sister. A definite schedule of individual record keeping and application of the Babcock test is the only recognized manner in which cull cows may be picked with accuracy. Monthly record keeping shows the feed consumption of the cow and her production of pounds of milk and butter fat.

Last year 38,641 cows in 1,864 herds in Wisconsin were tested. These averaged 305 pounds butter fat or almost 100 pounds fat more than the average dairy cow of Wisconsin. Of these, the best cows in Wisconsin, 13% proved to be non-profit-earning. They didn't pay for their feed; so their owners sent them to the butcher.

If 13% of the better cows in Wisconsin never earn their owners a penny, are we not justified in saying that certainly 25% of all the milk cows on Wisconsin farms lose their owners money? Over a half million pounds of butterfat produced at a loss is kept off the market this year because of Wisconsin's cow-testing activity a year ago. If 25% of our cows were to be culled, nearly 75,000,000 pounds of money-losing fat would be kept off the market in Wisconsin alone.

I desire to quote from the address delivered by Dean Christensen of this College at the recent Farmers' Week. He said:

"The elimination of low producing cows is generally recognized as a desirable step, both from the standpoint of herd improvement and the possibility of reducing costs of production. When it is realized that the average yearly production per cow in the United States does not exceed 180 pounds fat, and that probably 20% of the 25 million cows average less than 110 pounds fat a year, the need for a continuous culling program is seen.

"Such a culling program could be carried out most effectively by placing all dairy cows on test in cow-testing associations. The keeping of dairy herd records is a sound



farm practice and needs to be extended. The elimination of low producing cows could begin within a month after testing started and could be continued throughout the twelve months as more complete records were obtained on the productive capacity of each cow.

"This procedure would have the following advantages to the farmer:

"1. Direct benefit would be given to farmers through the payment of bonuses on low producing cows culled out.

"2. In many herds the elimination of low producing cows would result in lower costs of production. The obvious goals of measures of assistance to farmers should be lower costs of production and to make each farm a more efficient producing unit. A constructive program for the elimination of cull cows is not in any way antagonistic to these goals.

"3. It would provide employment for a large number of farm boys as testers in C. T. A's. In the State of Wisconsin alone it is estimated that about 5,000 farm boys could be profitably employed under such a program to carry on cow-testing work."

I can endorse and accept this program as outlined by Dean Christensen. He did not have in mind, and I do not have in mind, raising the necessary funds through processing taxes. These funds should come as a grant by Congress from the Federal Treasury.

To meet the present emergency I suggested some time ago that Congress supply by appropriation funds for the payment of a moderate indemnity on all cows under seven years that are sent to slaughter, with some additional

indemnity for cows with C.T.A. records. I would provide that those receiving indemnity should agree to restrict the raising of calves from cows of relatively low production.

As a long time program, and one that could be adapted to the present emergency, I would suggest the government subsidize cow-testing by appropriations from the federal treasury. This is what has been done by Denmark, Sweden, New Zealand, and other countries where the greatest strides have been made in increasing the average production of all cows and decreasing costs of production. At present the American farmer pays from 25 to 40 dollars per year to have his herd tested in a C.T.A. This money is difficult to raise in these times, and I believe there is good, sound argument why the Government should pay half or more of this expense. It would be of benefit to the entire dairy industry as well as to the individual farmer.

I am firmly convinced that the dairy industry would be benefited by the adoption of a plan having as its central theme the finding and elimination of the low producing dairy cow. I am not concerned that it shall necessarily be any one of the three plans I have very briefly outlined. These can be used as the basis of discussion, and I am sure a workable agreement can be reached.

A program such as this strikes at the very root of uneconomic overproduction. It will do no injury to the producer or to the consumer, but will be advantageous to both. It would be relatively simple in operation and would not require a vast army of federal employes to put it into effect. It could be so built as to provide immediate cash for the distressed dairyman, and, in addition, make more



profitable their production of milk during the succeeding months and years. It would help the industry permanently as well as temporarily. It is sound, practical, and understandable.

I would end, as I began, with approval of the resolution adopted at the recent conference, which reads:

"We emphasize the fact that the only sound, practical, and economical dairy production regulation program must be based on the accurate finding and elimination of the low-producing dairy cow through regularly organized cow-testing work, and we suggest that this work be subsidized in part by the Federal Government."

I thank you.

(Applause).

MR. JONES: Professor Hatch, this concludes the presentation of the conclusions arrived at at the two conferences the dairy and farm leaders held in this city last week. We thank you, K. L. Hatch, and you Gentlemen from Washington, and personally we thank the audience for your attention, and, may I say, perhaps for your intelligence. Thank you very much.

CHAIRMAN HATCH: Another point: I wonder if you would just care to stand up long enough to take a good stretch, and then we are going to hear from the "grass-roots"; the formal speeches are through.

(Audience rises).

CHAIRMAN HATCH: Now the Chairman is just a little bit concerned because we have taken more time than we should

have in the presentation of these formal statements. But the questions, I am going to suggest this, that you have in mind, if you have a question, write it on a slip of paper and we will have somebody pick them up.

There are several groups, I understand, that have met and have some sort of a formal resolution. Now we will have these resolutions presented at the close of the discussion. We have a program which we wanted to conclude at 4 o'clock. I would like to know whether or not the audience wants that rule to hold, that we shall close at 4 o'clock?

(Some of the audience shout "no", and others "yes".)

CHAIRMAN HATCH: All right. We will have a breathing spell at 4 o'clock, and those who find it necessary to withdraw at that time will be given another opportunity; you will all be given another opportunity to stretch, and let them withdraw if they choose to do so.

What we want now is individual opinions. If there are people here who can express individual opinions, we would like to have them come forward, give their names; and we want this now to be dairy producers, farmer producers, and farmer producers only. So if you have responsibility for organizations, we will just hold that in reserve at the present, and give opportunity now for farmer producers to come forward and either ask questions or make statements.

I take it there are really two things that are dominant in this conference, and that is your attitude toward a dairy control program, and your attitude toward a processing tax. Now we will take you just as fast as you can come



Assemblyman Arthur Hitt of Buffalo County, Wisconsin:

MR. HITT: I appear as a farmer and a milk producer.

Mr. Chairman and Members of the Agricultural Adjustment Administration: This question occurs to my mind: In reading a book written by Ezekiak of the AAA, in one of the tables in that book these figures are given: That in 1929, in February of that year, the farmer got fifty-three and a fraction per cent of the consumer's dollar. Four years later, in February, 1933, the dairy farmer got only 33.8 per cent of the consumer's dollar. In other words, during a period of four years, during the deflation, the farmer's share was reduced from 52 per cent to 33.8 per cent.

The question that occurs to me and would like to ask the gentlemen who are here from Washington is, whether they have considered using the licensing power of the AAA, or the power to agree on marketing agreements, or any other thing that they may have in mind, which might possibly reduce that margin between the producer and the consumer? And if they have not thought of using the licensing power, then why not? And the question that occurs to my mind in that connection is this: If we do not do something about that, and we keep on with our limited production, and the margin between what the farmer gets and what the consumer pays may continue to widen, as it has during the last year, and then we may not have any higher prices for our smaller production next year -- that is the question that in my mind, as to what if any means the Agricultural Adjustment Administration has, to try to narrow that margin between the producer and the consumer, or at the

best to keep that margin from growing wider?

(Applause).

CHAIRMAN HATCH: Mr. Lauterbach, answer that, please.

MR. LAUTERBACH: That is a very difficult question to answer. (Laughter). In the first place, the Agricultural Adjustment Act enacted does not give us the power to license the individual farmer.

The Bankhead bill just passed gives congress or the Agricultural Act the power to license the individual farmer producing cotten. And in that commodity it is going to be possible to produce just what they need in order to maintain the price.

Now I heard a congressman from the north make a statement in congress a short time ago, when the Bankhead bill was up for consideration, that he was in favor of voting for a Bankhead bill as long as the southern cotten growers wanted it. He said the dairy farmers are not ready for it; but some day, he said, we may be ready for it, and then we will want the assistance of the southern congressmen to help put over the bill.

Now as far as increasing prices is concerned, the present licensing system in the fluid milk market is helping maintain fluid milk prices.

(Question by one of the audience? "Where? In Chicago?")  
(Laughter).

MR. LAUTERBACH: Just a minute. I said it was helping maintain prices, fluid milk prices; and I mean in the areas like around the big cities. And I fail to see, under



the program as far as we have gone, how you are going to do anything for the butter or the cheese or the surplus people unless you have a program of price fixing all the way through.

Now the theory of the program that we have presented to you here today -- right or wrong -- is that by reducing production you are going to increase the price. Now if that is wrong, the program is wrong.

(Members of the audience: "It is wrong." "It is wrong.")

MR. LAUTERBACH: Does that answer your question?

Voice: "No."

CHAIRMAN: Well that is as far as you can go in answering it now, isn't it?

MR. LAUTERBACH: Yes.

MR. HITT: I had this in mind: the licensing of the distributor or the processor. I did not have in mind licensing the farmer, but the processors and the distributors -- the one who is partly responsible for this wide margin.

CHAIRMAN HATCH: Mr. Hitt's question is: Why not license the distributor or the processor? Do you want to attempt to answer that?

MR. LAUTERBACH: I might say that at the present time to those of you who are interested in evaporated milk, that we have an evaporated milk agreement, marketing agreement, whereby the evaporated milk people pay a set price based on butter and cheese; and there is also a re-sale price. And some time in the near future this question is coming up again at a conference, because it seems to be impossible under a marketing agreement to keep the evaporators in

line. And there is a possibility of putting all the evaporators under a license.

I might also say that the same question has come up the other day with reference to cheese and butter; that is, the butter and cheese people have drawn up a marketing agreement within the last six months, but it has never been put into effect.

Now the question is: Should we put all the buyers of cheese and all the buyers of butter under a license, and set the price of it? If we do, the question arises in the minds of some of you: Just how high can we go before we have a tremendous surplus?

Now these are some of the things that should be seriously considered here. At one time the administration tried to set re-sale prices of milk in the big milk sheds; but for some reason or other within the last two or three months they have withdrawn these agreements or memoranda of agreements, and are now only trying to set what they call minimum re-sale prices; and most of the milk licenses that have gone out within the last two weeks have no resale price at all, but the producer is allowed, or the distributor is under a license and must pay the producer a set price.

I might say that you people from the Chicago area know that that price was set at 1.75 for class-1 milk. Detroit was set possibly just a little bit higher. Boston was set I think around two dollars, <sup>and</sup> but I am not sure -- between two and three dollars; and New England, Providence, Rhode Island, they were set around three dollars.



ANDREW LEWIS, milk producer from Clark County.

I would like to answer Mr. Lauterbach's question, or a few of them, or try to at least.

I am new speaker. I am just a farmer. I have two farms, new and can milk cows; but when it comes to talk through these things (the microphone) it is new to me.

As we are made to understand here today, this dairy program must conform to the laws enacted by congress. These men that are putting these programs through are in the condition of the man whose hands are tied behind him. They have a limit to which they can go. Also it may be necessary before we get a program that will be of benefit to the dairy farmer to enact some different machinery; and if that is necessary, why not get a move on to us at this time to change the legislation so it will benefit the dairy farmer?

(Applause)

Now I was appointed from my county as the chairman of a committee to come down here at the time the hearing was up on oleo. Some of you men may remember that I was down here at the time. There were four besides myself from Clark county, and another one from another county, that appeared here when the bill was before the committee.

So I have been working on this dairy proposition for some time, and in fact I have a program here that is written by myself, and I had 500 copies printed at my own expense, and this program has been to Washington, and as chairman of your dairy committee I have a letter at home from Washington, where they went through this program. But as I said, your law did not permit a program like this to

be put in force at this time. I would like to read this program if you will allow me a few minutes' time.

CHAIRMAN HATCH: Mr. Lewis, could you submit this program for the record, and make the copies that you have available for distribution?

MR. LEWIS: I only have three or four copies. They have been distributed over the state. This is my own idea. There is no farmer organization in back of this. This took a good deal of thought, to outline this program.

ONE OF THE AUDIENCE: I rise yo a point of order. Why can't the man present it here, that the peple may think of it?

CHAIRMAN HATCH: The question is, if the rest of you want to yield your prerogative to ask questions to this gentleman while he presents his program.

VOICE: How long will it take?

MR. LEWIS: It will take me about five minutes to read the program over. This is just an outline.

VOICE: Go ahead.

MR. LEWIS: My contentjon is that production cannot be controlled, but we are in a drought area up there in Clark County this year, and thers is thousands of tons of hay shipped in to Clark County. If we could control production we would grow our own feed. I will read this just as I have written it out:

SURPLUS CONTROL PLAN.

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National Code or Plan for the  
Dairy Farmer that will increase



**His Buying Power and Enable Him  
To Buy Products of Labor and There-  
By Help Solve the Unemployment  
Problem.**

**Section 1.**

    Create a committee or commission as follows:

    Non-voting member to be appointed by Secretary of Agriculture or by the President, to act as chairman, and one member from each dairy state appointed by the governors of the different states, appointments to be made from a list of nominees nominated by organizations of dairy farmers.

    Sub-section A. Duties of committee: To determine minimum price to be paid for all dairy products based on cost of production or parity price, in different parts or zones and to assist in controlling present and future surpluses, if any, and to determine amount of same.

**Section 2.**

    The term 'party' used herein shall mean any individual, partnership, association or corporation. The term 'producer' shall mean any party producing and selling dairy products for human food.

**Section 3.**

    Each state shall create a dairy license division, and every party buying or processing 1000 or more pounds of milk or its equivalent per day shall be required to procure a license and to report the amount of dairy products bought, sold and processed each month through the license department.

**Section 4.**

**Emergency surplus Control Plan;**

First, determine cost of production or parity price for all dairy commodities used for human consumption, and each party having dairy products in storage shall turn over to the Government or committee free of cost the surplus necessary to establish estimated cost or parity price.

Example: Price of butter is estimated at 40 cents per pound (parity or cost of production price) and the present price of butter in storage is estimated at 20 cents per pound -- surplus would be 50%. The party turning over the surplus to the Government would have the same value left in storage. Surplus taken over by the Government shall not be put back on the domestic market unless there is a shortage, but shall be held in storage or exported. Money received from said surplus shall be used to defray the expenses of this program and for the benefit of the dairy industry as a whole.

**Section 5.**

Base and surplus plan shall be used to control future surplus. Base represents amount consumed in United States and surplus would mean exportable surplus. If after control measures have been put into effect that shall prevent importation of dairy products, also fats and oils used in substitutes from being put on our market for sale, the committee finds a surplus accumulating, they shall determine the percentage of said surplus, and each licensed party shall deduct said percentage from each and all producers. Such surpluses to be turned over to the Government to be held in storage or exported. Government to pay for processing and



handling of same. When said surplus is sold, proceeds shall be pro-rated to producers.

**Section 6.**

**Further Duties of Committee:** To stabilize the dairy industry by holding in reserve enough of the surplus to tide us over an emergency caused by a period of drought or weather conditions; by promoting the sale and consumption of all our domestic dairy products; to check, federal, state and county institutions which are competing with the dairy farmer by dumping great quantities of dairy products on the market, and shall limit these institutions to producing only enough dairy products for their own consumption; to check surplus used for relief to prevent same from competing with base products; and to co-operate with other existing agriculture committees for the benefit of agriculture as a whole.

**Section 7.** To qualify under this code the term 'Dairy State' shall mean a state where ten per cent. or more of the net income is derived from the sale of dairy products.

**Sub-section A. Voting members.** To be eligible to membership on committee nominee must be a citizen of state from which he is chosen; also must be a dairy farmer whose major income is derived from the production of dairy products.

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If this outline of a surplus control plan meets with your approval, you are urged to discuss it with your local farm, labor, or businessmen's organizations immediately and also have it published in your local newspapers.

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MR. LEWIS; This program was worked out some months ago, and at that time we had a lot of debate on the surplus. So as you will see there is an Emergency Surplus Control Plan embodied in this plan.

NOW there are several points I would like to take up -- but I guess I have taken my allotted time?

CHAIRMAN HATCH; We will file Mr. Lewis's plan with the Reporter.

Mr. C. G. Randolph of East Troy has a question.

MR. C. G. RANDOLPH; Mr. Chair, Mr. Lauterbach, and Ladies and Gentlemen. I did not intend to come up here before you and make any talk; but I intended to ask a question and they got me up here.

Now personally I cannot conceive of a country, conceived in Divine Providence and addicted to Christianity for the salvation of the world, in reducing crop acreage. That is my personal opinion. Yet we signed the corn-and-hog contract and we are willing to go along and do anything that is possible, to aid in this recovery program. But the question that I was going to ask is on this milk program.

I belong to the Pure Milk Association in Chicago, and you know they have fallen down on one proposition. Now they are up against another proposition; and when they were paying us 2.10, it meant about 1.70; and now they are supposed to pay us 1.70, and it amounts to about 1.50; they are now quoting prices in Chicago and the big dealers<sup>that</sup> are supposed to charge ten cents are charging eight, and the independent dealers are charging six.



The question that I was going to ask was: Are they going to enforce the licensing program, or are they going to fall down on it like they did on the other program?

Now after that I would like to say another thing. I was in the hotel business for a good many years in Milwaukee, as perhaps some of you knew. I paid the Goodmans many hundreds of thousands of dollars. And if the farmers had gotten together ten years ago and taken out five cents a hundred on their milk, they could have conducted this milk to the people.

Now I would like to ask Mr. Lauterbach: Wouldn't it be a better proposition to make milk a federal public utility and aid the farmer in distributing it to the people and get the benefit of his work, than to have the middle-man get it?

(Cheers and applause).

MR. RANDOLPH: They want to donate 150 million dollars and fifty millions for Bang's disease. Well hadn't they better donate a half a billion dollars and help the farmer put up a distributing plant and sell for five cents a quart? We would be glad to get that!

Thank you.

(Applause and cheers).

MR. LAUTERBACH: The first question was as to what the administration is going to do with reference to enforcement.

I want to say right now that no government is ever going to be able to enforce anything that is not popular. And for that reason I am just a little fearful of any more legislation to license the farmer. That is my personal idea. But as far as its enforcement is concerned, we have

today or within the last week revoked the license of one man in Chicago; I think that the name is ~~Truman~~ Zeisler -- it should be "Chiseler" I guess. And of course the law says we have to wait a certain number of days before you can get your injunction. I suppose that will happen some time soon. And if we get the injunction then his fine will commence on this, a thousand dollars a day. We are doing everything we can in that Chicago case to bring that fellow within the law.

I might also say that we have three or four fellows cited for a hearing in Chicago because they sold evaporated milk too cheap. I do not know how far we are going to be able to get with that.

One of the reasons that the wholesale price of milk was high, or the resale price of milk -- the guaranteeing of resale price of milk, or the enforcement of the resale price agreement was stopped -- was because the legal department at Washington did not think they could enforce it. They were afraid of the popular opinion that would be against it in the large cities on account of the consumers' opposing that program.

Personally, I wish there was a law that when a man violated one of these licenses in the morning we could have him in jail by night. But if any of you people are attorneys you know that that is not possible.

Now as far as this distribution of milk is concerned, I have heard more arguments in the last three weeks on the cost of distribution of milk than on any other subject.



Right now the Administration have a man in this state (I think I am right, Mr. Hill -- /Chas L. Hill one of the Commissioners of the Department of Agriculture & Markets of the State of Wisconsin/) I think they were using CWA funds in making the investigation -- as to the possibility of public utility distribution of milk in the City of Milwaukee.

I was asked the question last week as to what I would do if I had an opportunity to go into a large city to distribute milk in order to show a reasonable cost of distribution. And I made the statement that the only way to do that would be to turn the delivery of all the milk over to one party.

I am, personally, not ready to say whether our large cities, with all the political mixups that may enter, should really go into the distribution of milk. Many people today are of the opinion that if we set the price to the producer, competition will put in line everybody as to the profits for distributing bottled milk.

Now that is a big question, and I think we could stay here for three days and do nothing else but discuss this one problem.

CHAIRMAN HATCH: Mr. T. E. Griswold, milk producer, of Livingston, has a question. Mr. Griswold.

BY MR. T. E. GRISWOLD.

Mr. Chairman, Mr. Lauterbach, and Ladies and Gentlemen: You have heard considerable discussion here today on cost of production and agricultural relief; but there is one thing that I am surprised has not been brought out

before. If you are really interested in agricultural relief I think this audience is derelict in its duty if it does not pass some resolution requesting the powers-that-be at Washington to pass legislation like or similar to the Frazier bill.

The first speaker that I heard upon entering the building made the statement that industry could not recover until agriculture was put on a paying basis, which I believe is generally conceded.

You can talk about cost of production, you can talk about price fixing, and all of that, but you will get nowhere if you do not put the consumer in a position where he can pay more for what he buys. And I believe that you would get farther if every time you used the phrase "cost of production" you would insert in its place "Frazier Bill, and I believe we would have a chance to get somewhere.

(Applause).

CHAIRMAN HATCH: It is now 4 o'clock. There are people here who want to be heard who cannot come back tomorrow. There are those who wish to go at 4 o'clock. Mr. Amundsen and his helpers down there at the door have these cards. I will tell you what is on the card; then I would like, after you get the card, if you cannot come back tomorrow, to deposit it, fill it out now, and leave it at the door as you pass out. Your name; your address, the number of cows; a place to check whether your milk goes to the cheese factory, creamery, condensary, or fluid milk. Do you believe the dairy business should have a production



control program; Yes or No. Do you believe a processing tax should be imposed to make a control program possible? Yes or No. And state below, on the other side of the card, what kind of a program you do favor.

That will give everybody an opportunity in a brief way to register his opinion on the conference, as far as it has progressed, and his opinion on the salient points that have been discussed there.

Now we are just going to take two minutes to stand up again, and let those that have to go get their cards and either fill them out or take them with them and leave them at the door. If you fill them out, leave them at the door.

Mr. Amundson with the light gray hat down there is now passing out the cards at the door and his helpers. Do you want to stand up?

(Two minutes recess for relaxation).

CHAIRMAN HATCH; We have three other men who have already passed up cards asking permission to ask questions. I know there are a lot more here, but inasmuch as Mr. Lauterbach has to go I am going to ask each one of you to get from either the desk here or from the boys down there at the door cards upon which you can write your names and hand them up.

I think what you will have to do is this. Now let us either please come to order or move as quietly as you possibly can; because I am sure that this is a serious-minded audience and you are serious about questions, and about

the expression of opinions of others.

Mr. James Asplin, a farmer at Owen, at the microphone.

BY MR. JAMES ASPLIN.

Mr. Chairman and gentlemen:

I am not going to try to give you a speech. About all you have heard is "cost of production". That is all the Secretary of Agriculture at Washington has heard, is cost of production himself; and we have heard from him some kind of a program for controlling production. Well now I believe we have not a production control problem on our hands, but we have a surplus control problem, that we can put into effect tomorrow as far as Wisconsin is concerned, if we will just make it possible. Now it is my idea that if this Federal Government can license the plants that <sup>we</sup> sell our milk to and we can demand cost of production. I want cost of production for what I do. If we make an agreement with the Government that these plants are entitled to pay us for what we can do with our own product, any time they can't sell it, it seems to me we won't sell it for less than cost of production. You can think it over. That I believe can be worked out that way. That is all I have to say.

CHAIRMAN HATCH: Mr. John Schuman of Watertown. Everybody knows John. I do not need to introduce him.

BY MR. JOHN SCHUMANN:

Mr. Chairman and Gentlemen of the Agricultural Adjustment Administration. I am only going to take a few minutes. I think one of the fundamental problems of agriculture today is the under-financing of the farmer, and consequently I want



to call upon the Federal Government to concern itself with providing funds for farmers in absorbing their debts at a low rate of interest, as a No. 1 program for agricultural adjustment.

Secondly, to provide a program for the control of surplus in dairy products.

I would advocate the standardization of fluid milk and condensed milk and butterfat content in butter to an appreciable increase. I would say the fluid milk should be standardized to an increase of ten per cent presently prevailing.

Thirdly, I think everything should be done to promote cooperative marketing. By that I mean to consider only one kind of cooperative marketing essential; that is, a direct marketing program whereby your produce flows as nearly directly to the consumer as possible.

I think these three points are essential in putting agriculture on its feet.

I thank you.

(Applause).

CHAIRMAN HATCH: Mr. Jo Lies, Aurora, Illinois, milk producer.

BY MR. JO LIES.

Mr. Chairman and Ladies and Gentlemen;

Mr. Lauterbach says that any enforcement that is not popular could not be enforced. Well I would like to say that if we are going to wait for any enforcement to be popular with the people of the City of Chicago, after reading the papers like the Chicago Daily Tribune and the Chicago Daily News, there is no need of waiting for any kind of

enforcement. (Applause).

The Chicago Chamber of Commerce released figures some time ago in one of the daily papers in Chicago that there was still 480,000 families in the City of Chicago that had an income of over \$3,000 a year. That at least means two million people or about 40 or 45 per cent of the population.

Well much has been said here as to what the consumer can pay for milk. Well I believe that 70 per cent if not more of the people of the City of Chicago can readily pay a dime for a glass of beer, but do not want to pay a dime for a quart of milk -- and there is four glasses in a quart!

Now I just can't absorb that! I knew that we have got too much milk. We are not getting what we should, probably, for the simple reason that we have not restricted production. I produced milk on the market and have had fairly good success. We operated independently, more or less, of the Chicago organization, in Aurora. My basis or my average production was about 500 pounds per day. And this base that was made out there during the basic period was made during the lean months, giving me about 425 pounds.

As the depression got worse, sales shrunk, and I was asked and we all in our own local organization of about 220 men reduced our production along with them down to about -- I reduced down to 380 and down to 340, which we all thought was the right thing to do. And I still think that is the right thing to do, to reduce to the demand; that is, to reduce the supply to the demand.

Well, what has come to me now, as it looks today, I



believe I was right in doing that, trying to hold the price.

But now the AAA comes along and says "Take your two-year production." That gives me, instead of about 500 pounds to reduce from -- because <sup>if</sup> I had paid no attention to local marketing conditions, I would probably have 500 pounds to reduce from; as it is I have about 360 pounds to reduce from.

Now I believe this is discriminating against organizations that have practiced a controlled production.

CHAIRMAN HATCH: Now there are two milk men that have asked to be heard, Mr. Banson, or Swenson. Mr. Banson is the man that I wanted right now. Is Mr. Banson here? I believe he is from Deerfield or Cottage Grove.

(No response).

CHAIRMAN HATCH: Mr. Swenson. Elmer Swenson from Valders, Wisconsin.

MR. SWENSON: Mr. Chairman, Gentlemen of the Administration and Ladies and Gentlemen. Now I have listened to all these different plans that have been offered here, and I have tried to get in touch with something that is different and with different plans, for several months, to try to solve this sort of a mess that we are in today. I have finally landed upon one plan that I believe is the only plan.

(Laughter).

Now I am a farmer. I am not a public speaker. Otherwise I would have notes to talk from. If it came to milking a herd of fourteen or fifteen cows, I could do that, without any notes or reminder.

(As this address does not pertain to the subjects

under consideration, the chairman directs that it be left out of the report. Its author denominated it as a presentation of "Technocracy". As it was afterwards referred to occasionally in other discussions the following summary as taken from the Wisconsin State Journal, Madison, Wisconsin, in its issue of Friday, April 6, 1934, is appended here)

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**PULL THE DICTIONARY OUT. TECHNOCRACY IS BACK!**

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And -- of all Places! -- It's at the University's Stock Pavilion.

There's still at least one technocrat in Wisconsin.

Technocrat? Oh, yes, you remember that word was used quite generally a couple of years ago.

People had sorta forgotten about it, but it popped up in the most unexpected place Wednesday -- out at the University of Wisconsin Stock Pavilion.

Elmer Swenson of Valders, all-American and all for America, was the popper. Elmer has heard all the farm relief plans and he got up on the rostrum at the AAA hearing called to hear folk's views on the processing tax to tell them all about the one and only plan.

Elmer suggested that if there wasn't enough sense to solve the country's problems it might be well to use a bit of horse sense; and as for this overproduction business, the only things there's too much of are taxes, millionaires and under-fed people.

And Elmer doesn't think much of Henry Wallace and his helpers either. He doesn't think there's much sense in having



one group of people teaching folks down south how to destroy cotton while another group out west teaches farm women how to make dresses out of jute gunny sacks.

Elmer had a lot of other ideas, too, but after a while the farm folks became quite impatient to hear all about his wonderful plan, and finally Elmer consented to spill it.

Technocracy! The one and only American plan to rid the world finally of the great evil of under-consumption!

But as Elmer began to tell all about it, folks somehow got to clapping in the wrong places. And as Elmer went on, the clapping grew louder and more persistent. In the end, nobody could hear Elmer for the clapping, and Elmer was clapped right off the platform.

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BY MARTIN SHAUGER, Price County,  
Wisconsin.

Ladies and Gentlemen: I am one of these wild and woolly farmers from up north in Price county, and before I start to talk I want it definitely understood that I am not a communist, but I represent a county, and I am representing and sent down here by these people from three or four different townships to represent them.

We are opposed to the processing tax, but we are willing to get behind any program that will guarantee us cost of production, to do away with the basic surplus plan of selling all milk, because ours is not just a butter district.

The average farmer in that county has around seven cows, and last year his check that he got at the end of the year from the cheese factory or creamery amounted to about \$300.

We are in northern Wisconsin in the draught area. We are willing to get behind and support any program, even if it

requires a little experimentation; but while that experimentation is going on we need definite protection by the government, by legislative bodies, against foreclosures, because we have had a couple of riots up in that county on foreclosures, and it has been just plain hell. So that is the program that we are presenting from Price county.

I thank you.

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CHAIRMAN HATCH: There is one other party that has asked to be heard. That is Oscar R. Olson of Blanchardville, Wisconsin, who represents the Swiss Cheese Producers Association, from Green County. Mr. Olson has a resolution I think to present also.

BY OSCAR R. OLSON

Ladies and Gentlemen: We understood that the purpose of this meeting was to get the reaction of the milk producers throughout this section in regard to production control and processing tax. We had called a meeting in our territory before the dairymen's associations meeting was announced or we should have been here at Madison and joined with them. As it was we had to go on with our meetings at the city of Monroe, in which about three hundred milk producers were present. This question of production control and processing tax was discussed to a considerable extent, with the net result that they adopted this resolution:

Resolved that it is the sense of this meeting that the dairy production control and butter fat tax program or plan as advocated over the radio and through the press by the agricultural department and administrators of the AAA is not necessary or for the best interests of the dairy industry.



I only want to add to that that in behalf of those people I endorse most emphatically the statements that have been made by Mr. Weiss and by the secretary of the Wisconsin Dairymens' Association.

I thank you.

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CHAIRMAN HATCH: Mr. Thomas W. Argue of Mt. Horeb wants two minutes. Mr. Argue. He says he has got a story to tell you.

MR. THOMAS W. ARGUE: Mr. Chairman and ladies and gentlemen ; I am not an orator; I am only a citizen of Dane County. I was born just across the county here in Green county near the little city of Pottsville, and I was raised in a log house just a few miles north of New Glarus. If ever you come over to Monroe you will pass the house at the foot of the hill on your left. That is where my home was and where I grew up. But my name is Argue, and when I get through in this argument you will know what "Argue" meant.

(Mr. Argue's statement not being pertinent to the subject here under consideration, it is dropped from the record at the direction of the Chairman).

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CHAIRMAN HATCH: The Ozaukee County farmers have been meeting in conference since the announcement of this program by the Agricultural Adjustment Administration, and they have drawn up some resolutions that they want to incorporate in the record. I will first introduce Mr. Theodore J. H. Kurtz to present the resolutions for introduction in the record. Mr. Kurtz.

**THEODORE J. KURTZ; Professor Hatch, Mr. Lauterbach,  
Ladies and Gentlemen:**

In short I think the best thing to do today and tomorrow is to stick strictly to the program, and either accept or reject or otherwise present something that perhaps will take the place and get us the desired results. I will, therefore, be brief and just read what I have on this paper. It is my duty, because I have come a long way from my home to bring before you this resolution adopted in conference by Ozaukee County Dairy Farmers at the court-house, Port Washington, Wisconsin, April 2, 1934, 2 o'clock p.m., after discussions presented in reference to the proposed Federal Dairy Program:

**RESOLUTIONS.**

Whereas: The Federal Dairy Program to be administered through the A.A.A., having been presented to Ozaukee County Dairy farmers on short notice; and

Whereas: The nature and fundamentals of this program requires extensive study to be duly interpreted by the rank and file of dairy men as to its operation and workability; and

Whereas: A meeting having been called at Madison, Wisconsin on April 4 and 5, to have the program explained in detail as to its operation and thereby further enlighten the farmers of Wisconsin on the Federal Dairy Program;

Therefore, BE IT RESOLVED: That it is the firm conviction and thought of thinking dairy farmers of Ozaukee county who are seeking to restore an equitable distribution of wealth in the dairy industry that this meeting go on record appealing to the federal government and the Agricultural Adjustment Administration to assist to build up dairy Cooperative



Associations which will tend to give the farmers cost of production plus a fair margin of profit.

BE IT FURTHER RESOLVED; That this meeting go on record opposing the dairy reduction program and a processing tax, in the dairy industry.

BE IT FURTHER RESOLVED; That this meeting supports a federal appropriation for indemnity on Bang's disease reactors and the continuing of tuberculosis eradication work.

We further support farm family sustenance on a basis of allocation of \$5,000,000 for purchase and distribution of healthy cows to farmers having no milk cows.

We further support that marginal land and all other land now receiving benefit payments shall not be used directly or indirectly to further the increases of dairy production.

MOTION: That this report be adopted as read.

Unanimously carried.

Signed:

H. F. Dries.

H. F. Kruke.

Andrew Schmitz.

Edwin Pipkorn.

Theodore J. Kurtz.

Reinhard Bartell.

Walter Ahlers.

I thank you.

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CHAIRMAN HATCH: I Now present Mr. Dries from Ozaukee county representing another group of farmers.

MR. H. F. DRIES:

The Committee delegated to represent Ozaukee County farmers further wish to present the following:

Whereas, under the proposed federal dairy program the processing tax would be levied on the basis of butterfat content ranging from one to five cents per pound on butter, the same tax to apply on oleo, and

Whereas, This arrangement would place oleo on the same level with butter and acknowledge oleo as a dairy product and the equal of butter and indirectly cause the dairy farmers to protect and build up the oleo business for the oleo manufacturers, at a loss to the dairy farmers themselves, and

Whereas, It is a foregone conclusion that oleo has done untold harm to the dairy industry; and

Whereas, It is a primary duty of Government to protect the weak and the poor; and

Whereas, it is quite apparent that the federal government would by placing oleo upon an equal footing with butter protect the mighty and continue to beat down the weak, the dairy farmer; therefore

BE IT RESOLVED: That we, the committee, delegated by Ozaukee county farmers to present their views on the proposed dairy program at the Madison meeting, go on record as being unalterably opposed to acknowledge oleo as a dairy product and to the placing of oleo on the same footing with butter, and urge the Agricultural Adjustment Administration to place a tax on oleo sufficient to discourage its manufacture.

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CHAIRMAN HATCH: Mr. T. E. Hermann a dairy farmer of



Oshkosh has asked to be heard for two minutes.

MR. T. E. HERMAN, Oshkosh, Wis.

Mr. Chairman, Ladies and Gentlemen: It is my idea, and lots of people in Winnebago county think, that the processing tax is the most damnable tax that could come on to the farmer. It is just another form of taxation.

If you want money, if you need money, and want to get it through taxation, go where the money is, and don't go to the farmer, who has not got it, nor the consumer in their town that has not got it. Go where the money is, to get it.

We have been robbed for years and years, and haven't got the money. Who has got the money of the nation? It is Wall Street that has got it. Put the taxes there if you want it.

Now I will tell you: In the south they say that the cotton processing tax is working. I still say that it is not working. Who does it come from? It comes from the consumer on one side, and it comes from the cotton farmer on the other side. The same as your tax will come here. It will come from the farmer and the consumer; from the farmer here and the consumer there. And we are all broke! How are you going to get money from guys that are broke. It can't be did!

Now I'll tell you, I question whether the people that really have worked and put out this plan, the Department of Markets clear down to the Brain Trust, are they sincere? in helping the farmer? I just question it. Are they sincere? If they are, why are the farmers and the laborers broke?

They have been running and telling us what to do for the last forty years. Are we going to continue that way? Haven't we got brains enough to run our own farms and institutions? We should tell these fellows what to do.

That is what we should all do. It can be done, if we will come together in a group and protect ourselves.

Now that we have had a meeting here, really I hope that they will not put on that processing tax on the farmer; because we will pay it.

I don't know as I can say any more. I don't want to say any more. And I really thank you. And I hope that they don't put the processing tax on the farmers' shoulders.

(Applause).

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CHAIRMAN HATCH: Now we have just one more speaker. We have had the expressions of others, and we will have to adjourn after hearing from one more. Mr. Ed Malcheski. We all know Ed.

MR. ED MALCHESKI, PULASKI, Wis.

CHAIRMAN HATCH: Are you speaking for the cheesemakers or for yourself?

MR. MALCHESKI: Mr. Chairman and Ladies and Gentlemen: I am a farmer; I have got 22 cows; so I guess I can talk as a farmer.

Now I may say something to you that is not very popular right in this crowd. As I understood from all the speakers they are all against the processing tax.

I want to tell you, I think we are just kidding ourselves. I don't think that as long as the wheat man, the hog-man, and all the others are going to get a processing



tax that we as farmers can go down to the federal government, or as dairymen can go down to the federal government and get a subsidy to take care of us.

(Applause).

I want you to know right here now that we do need something. I happen to be a director in our Federal Land Bank. Where we come from we have got over three hundred loans over there, and I know the conditions of them farmers over there, and I know that they just can't go along, with your present system. And if you aren't going to do anything for this dairy industry how long are you going to stand it?

And I want to tell you I don't care whether it is a processing tax. Let it be a processing tax. But it has got to be used properly.

I think you remember when Secretary Wallace was here, I was the fellow that asked him whether he could use that processing tax as a suitable program; and he said they could but he didn't believe in it because it didn't work out in wheat.

Well I don't agree with Secretary Wallace, although I believe in the processing tax. I believe that part of that money has got to be used to make that market work. It is reasonable. I say cost of production cannot be gotten, but I believe that we can use part of that money in letting the market drop down. I think we can use fifteen or twenty or thirty or forty or fifty million dollars to prop it up and not let somebody get away with the money after we are going to reduce and the prices are bound to rise.

I thank you.

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CHAIRMAN HATCH: Now we have had a pretty strenuous session this afternoon and I knew there is a lot of the audience who have got some more questions, and a lot of men with short speeches such as we have listened to for the last hour; and I presume some more men with prepared speeches that they want to read into the record. And we are going to have an opportunity tomorrow, if you are to be here, to go over the same kind of thing we just spoke of, with this exception: That tomorrow morning we are only going to take thirty minutes for the review of the Government Program to bring it before the audience. Then we are going to continue as we have this afternoon. We are going to give every organization that has its representatives here, the general farm organizations and the dairy groups, an opportunity to be heard.

If there is nobody else burning with a desire to speak, we are going to adjourn. If you will write your names out on your questions and hand them up, they will be given attention the first thing in the morning.

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WALTER M. SINGLER.

NATIONAL DAIRY PRODUCERS PROGRAM.

(Handed in by Mr. Singler and placed in the record by direction of the Chairman).

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1. Price fixing committee of three or five under Secretary Wallace with powers of;



A. Complete supervision of stocks in storage, surplus, production, control etc.

B. First power over all buyers and producers of dairy products.

C. Department of Agriculture & Markets, National or State, appointed or elected dairy committees.

1. Department of Agriculture & Markets to furnish them clerical assistance for keeping records and statistical information.

2. Enforcement of provisions and prices in territory where dairy committees are functioning.

3. Records of all disbursements and incomes and individual checkoffs, credited to each producer.

II. Committee to ascertain a fair average cost of production 100 pounds of 3.5 test milk f.o.b. the farm, and setting this price as a minimum price, below which no milk can be bought under any disguise.

A. Fix a definite date in advance for the price to go into effect unannounced.

B. Take options for government on all stocks of surplus dairy products in storage.

C. Fair average cost of production must be obtained between states, estimated in figures by the Department of Markets.

III. Committee and Wallace to implore President Roosevelt to place an emergency embargo on all dairy products and fats and oils for dairy substitutes, before price fixing can be done.

A. Embargo must be in effect before price fixing date

is set and announced.

B. Embargo should be put in motion by and under wartime powers granted Roosevelt.

C. Embargo must be in force before any curtailment of production program will be adopted by producers.

IV. Committee to obtain money from Government under Agricultural Adjustment Act to take up option on stocks in storage as a loan.

A. Price to be paid for stocks.

1. Prices paid by buyers, cooperatives and dealers, wholesale and retail to include normal holding charges, as warehouse and insurance etc.

B. Price paid to be price which buyer, dealer or coop. paid at that rate option is obtained.

C. Dealers etc. to rotate stocks in storage of condensed milk, butter, cheese, etc., so as to keep stocks from deteriorating and over-curing or breaking down.

D. Suggestions, dealers, etc., may sell from stock in storage at new price, but must make returns to price fixing committee to show credit, etc.

E. Disposition of surplus stocks to be at new price or disposed of in non-conflicting price channels, such as poor relief etc.

V. Producers must own their share of surplus by:

A. Checkoff from each producer at point of receiving of milk of  $1\frac{1}{2}$  cents per pound of butterfat sold, to be credited back to each producer as paid in. (Records to be kept by Department of Agriculture and Markets of milk com-



mittees of states so operating.

B. Lump sum to be used to:

1. Repay Government for loan.
2. Buy up surplus, as it accrues.
3. Pay operating costs of system.
4. Needs of committee finance.
5. Advertising for increased consumption.

C. Producer will cooperate.

1. If amount of ~~1%~~ is insufficient to buy surplus and stocks, increase due to overproduction, larger checkoff from producers price must be taken to keep surplus from sales and breaking price.
2. When producer over a period of six months has \$100 or \$200 actually tied up in surplus, he will cooperate to obtain his lump sum back, provided:
  - a. Other producers in all states are compelled to do same.
  - b. Deductions become so large as to make noticeable decrease in his average minimum price.
  - c. Curtailment program uniform and compulsory, as:  
1 cow in herd of 10 -- 2 in herd of 17 to 25.  
1 out of 6 -- 1 out of 15, etc. Under 5 none.
  - d. He received his checkoff back when he has complied with curtailment program and penalties are attached such as increased checkoff for non-curtailment, or losing all market for failure.

D. Government must lead to educate, must enforce for

common good until benefits are shown by enforced cooperation and results make people or groups want to cooperate, when satisfactorily operating can be turned over to the control of a National Producers organization and allow the producers of the nation to assure elective control and operation of the plan as the Government has done in instances where she governed Cuba and other possessions until they learned how to govern themselves.

VI. Prices may be set only as a minimum aid so that no pricing plan be disrupted that are in existence. The existing differential between certain classes of milk as base and surplus of metropolitan markets be maintained, example:

A. Base of \$2.00 or surplus today \$1.00. Fair average cost of production (exclusive of health inspection or city inspection requirement) is \$1.65 --- New Price --- base \$2.65, surplus \$1.65. Class I. \$2.65 -- Class II. \$2.35 --- Class III \$1.65, etc.

B. Condensing (whole milk)

Today \$1.20 -- 3.5	New Price \$1.85.
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Cheese (American)

Today 89¢ -- 3.5	New Price \$1.65 minimum.
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Cheese (Swiss)

Today \$1.30 -- 3.5	New Price \$1.95.
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Cream (Sweet)

Today \$1.16 -- 3.5	New Price \$1.71.
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Creamery (Butter)

Today 85 cents -- 3.5	New Price \$1.65 minimum.
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C. Deductions for organization expenses to be allowed



and not to be allowed. Individual contracts providing for checkoffs to certain organizations.

1. 2 cents per cwt. for weighing, testing, not to be allowed. Officers' expense, etc.

(Note) Organization should be of enough value to producer and receiver so that the price should be paid to organization for bargaining collectively and not having to buy from individuals.

2. Five cents per cwt. for sinking fund reserve etc. should be deducted from individuals, because it accrues to him and will be paid later to producer. Producer will be considered as getting the minimum price, although he actually received \$1.65 per cwt. although \$1.60 is his present check.

Note: This outline is for consideration of all producers' organizations, for government officials for suggestions, acceptance or remodeling, revising to a workable plan to enlist the support of all producers under government direction until cooperation is taught on a national scale and they can take over control themselves.

It is also suggested that contractual territories send representatives to a state convention annually and nationally, so that discussion can bring out the corrections and needs of the building up electorally representatives of the producers' own choosing to run their own organization on a national scale.

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See next page for Proceedings of Thursday.

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PROCEEDINGS OF THURSDAY

APRIL 5, 1954.  
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Session resumed at 10 o'clock a.m.

CHAIRMAN HATCH: Well now we are going to come to order. Let us get our seats and come to order. It is 10 o'clock. We have got quite a little bit of work to get out of the way.

I have here this morning a telegram that I want to read for the purpose of the record:

"300 patrons of Pigeons Falls Co-operative Creamery are strictly opposed to any federal dairy plan or program subject to a processing tax.

Signed by Clarence Cass, Secretary."

(Applause).

CHAIRMAN HATCH: Just a little cursory examination of some of the cards that were handed in yesterday reveals this attitude of mind on the part of many people in attendance here:

In answer to the first question: "Do you believe that the dairy business should have a production control program?" They say 'yes', I believe a considerable majority believe that.

And in answer to the second question: "Do you believe a processing tax should be imposed to make a program possible?" I believe that the majority say 'No'

In other words, they want a program but do not understand exactly how to get it.



Now Mr. Lauterbach has consented to review for the new people in attendance briefly the program of the Agricultural Adjustment Administration and indicate to you the necessity for a forward look on this matter. I presume that he will attempt to answer the question, if it can be answered, as to how you are going to have a control program under the law. Mr. Lauterbach.

(Applause)

MR. A. H. LAUTERBACH: Mr. Hatch, and Ladies and Gentlemen: Those of us from Washington had a rather easy time yesterday afternoon listening to counter-proposals. And I am just afraid that many of you have misunderstood the purpose of this meeting. I notice occasionally some of them get rather hot under the collar and sometimes just a little abusive; and that is not necessary in this meeting, and I hope we will have no more of it this morning.

I believe that the dairymen of this country are the most intelligent group that we have; and let us try to reason with each other this morning.

The Administration at Washington were given the A.A.A. Act, and under that Act they tried to work out a program that would fit the Act. And you were told that this program could be changed, modified, or amended, in many different ways.

Now if this group and the other Regional meetings decide that this Act will not give you what you want, then we should all get together and adopt some kind of a program and then go down to Washington and see whether we cannot get the Act amended so that we can put it into

effect, and put into effect a program that the majority may want.

I wish you would also try to stick to the subject this forenoon and this afternoon, because there is going to be a lot of people that want to talk. Personally, I had a lot of fun out of our "Technocracy" speech yesterday afternoon.

(Laughter). I thought that died down a year ago!

There are many other suggestions that may be made and remedies, that may be put into effect to help the farmer, besides the question that we have before us this morning. And I think I could talk to you here two or three hours on some other subjects of direct interest as far as helping the farmers is concerned. But that is not what we are here for.

Now I am going to briefly go over the plan again. I am not going to read it, and I think, Mr. Reporter, you can just forget that part of it, because it will be practically the same as given to you yesterday morning.

Following are some of the specifications which are considered necessary for a successful dairy program.

(Resume of talk of yesterday).

I again want to say for the benefit of the fluid milk producers, there seems to be some misunderstanding: Wherever a man has no surplus and all his milk goes into bottled milk, I would say that you should not sign that contract. But if you have any surplus it is to your advantage to sign that contract, if it is to anybody's advantage. Now I hope you will get that straight. If



all your milk goes into bottles, naturally you are going to lose money if you reduce. But if some of it goes into what we call surplus you are not going to lose any more money in reducing on that end of it than the fellow that milks cows for cheese and butter.

It has always been my theory, in preaching cooperation in Wisconsin and Minnesota for quite a number of years, that it should be possible for the farmers to maintain a steady profit if their dairy products are going on the market at a price where the housewife thinks it ought to be. If we could maintain a price, an average price say of 30 cents a pound for the year, they would get used to it and be satisfied, and it possibly gradually could be worked higher. You don't see coffee and staple groceries jumping up and down.

(Continues resume of talk of yesterday).

Now I might say for the benefit of some of you that come from northern Wisconsin where you have had a drought for quite a number of years, that this is not a promise, because Heaven pity the man that makes any promise that cannot be complied with; but I think there can be a program worked out whereby possibly a longer base period may be worked out or can be used, because you people have ~~see~~ pretty good records in northern Wisconsin. It may be possible to go back a few more years, in order to give you a more satisfactory base.

Now the benefit payments are going to be on what you reduce. For instance if you reduce, or you have been produce

ing an average of a thousand pounds of butterfat over the period of two years 1932-1933, and you cut out 15 per cent, you have got 850 pounds left. You get paid on what you actually reduce.

Now the Administration men that have figured this out claim that those benefit payments would be approximately 40 cents a pound on what you reduce; and a dollar and a half a hundred on fluid milk. A substantial payment will be made when the contract is signed or shortly after. Six months later there will be another payment. Then after the fulfillment of your contract you will get the final payment.

The processing tax is to start at one cent a pound and gradually increase to five cents a pound. And that has to be done as the supply comes under control.

Somebody asked me yesterday whether they had a schedule worked out as to how that should be increased; and I can say that they have not. And you know that followed the hog market last year will remember that there were changes made in the original plan as to the processing tax that was added to pork.

The plan is intended to be a \$165,000,000 plan. All farmers who sold milk during 1932-1933 period would be eligible to participate in the plan.

Now somebody asked me yesterday evening what would happen to the young fellows that were going to go to farming during the next year or two; just how they could come in under this plan. And as far as I can see they could not



come in under the plan as now lined up. There are some things that should be given consideration.

For instance in the corn-hog program I understand that when a renter moved from one farm to another he took his hog base with him, but the corn base stayed with the farm. On my own farm in Minnesota I changed renters between 1932 and 1933, and I happened to get a renter that did not raise any hogs or any corn in 1932. So I lost half of my hog base on that account on that farm.

Now maybe there can be some changes made in this dairy situation. Because if these fellows only milked a few cows on the other farm in 1932, and if he carries his base over to my farm say, I just simply wont have any base for 1932.

(Continues resume of yesterday's address).

A suggestion has been made that one committee handle all these commodities in the future. And if we are going to continue on this kind of a plan and actually put this into effect on dairying, I would like to see one contract for all commodities; and that is something that you should give consideration to.

(Continues resume).

I know that some of you are a little bit worried as to just what would happen down south if you give all these farms a cow. Some of you are thinking that possibly in four or five years from now they would be in competition with you; and naturally there is some danger.

I made the statement yesterday that personally I think most of these cows would disappear within nine months. The

old story is that you give the boy a lamb on the farm and it wouldn't be very long before he owns the whole flock! And that may be the case.

(Resume continued).

I was very much pleased with the program presented by Mr. Nelson yesterday with reference to Bang's disease. I am just going to do a little experimenting for a minute. How many dairy farmers are there in this audience? Let us see your hands.

(Showing of hands by the audience).

Fine! Now how many of you are ready for voluntary elimination of Bang's disease? Let us see your hands.

(Showing of hands).

Fine! About half I would say. We could start an argument ~~it~~ on Bang's disease here that would last ten weeks! I want to say for the benefit of some of you that are a little bit skeptical about this control of Bang's disease that I have had occasion in the last three weeks to talk to dairymen from all over the United States, and I found many of them that have absolutely cleaned up their herds. They absolutely cleaned them up, and are satisfied with the program. They are just as satisfied with that program as they are now satisfied with the eradication of tuberculosis. And when I think back to the early days in Wisconsin and Minnesota when we first went after T. B., we don't want to get into anything like that with Bang's disease. So don't let us get excited about this program. If I have anything to say it is going to be voluntary for some time to come. You know over



here in the good state of Iowa they are still using pitchforks when you get to talking T. B. eradication!

(Continues resume).

I do not think of anything else in this plan right now that I would want to take up.

Now do you have some questions here, Mr. Chairman?

CHAIRMAN HATCH: Yes.

MR. LAUTERBACH: Well I see we have still got a lot of questions here from yesterday, and I will just try to run through those and answer those that I can.

"Would the application of the processing tax tend to amount to a tariff equal to the amount of the processing tax?"  
W. E. Snaderson.

MR. LAUTERBACH: In other words, we have a tariff now of 14 cents on butter, and the understanding is that if we put on a five cent tax, processing tax, that the tariff would be increased to the processing tax? Is that right? Mr. Reed?

MR. O. M. REED: You can put a processing tax on all imports, under the Act. According to the Act, you can put a processing tax on your imports when you have a processing tax on domestic production.

MR. LAUTERBACH: You notice, I still need my economist!

Question: "What will be the attitude toward the producer<sup>distributing</sup> his own dairy products at retail who maintains or exceeds current retail prices in his market?"

"Will there be any feeling against this producer-distributor if his market requires increased production?" Question by H. W. Allegu, President Chicago District Certified Milk Producers.

That question comes up almost every day. And I might say that right now in New Orleans the producer-distributor is giving us all kinds of trouble, because he does not think that he ought to come under a license.

Now all I have to say for the producer-distributor is that if this plan is going to work we are all going to have to cooperate. And I think the producer-distributor should fall in line with the rest of the people if a plan like this is adopted. I know it is going to be a hardship on some, and somebody is going to get hurt on either side.

We had an amusing discussion the other day at Indianapolis. I told the audience that this plan no doubt had some holes in it. And one old gentleman got up and he said when he was a boy his mother made doughnuts, sugar doughnuts, and she told us we had to eat them "hole and all". And he suggested that we take this plan "hole and all!"

Now here is a man who says that: "I would suggest a vote be taken to show how many are in favor of the Bang's disease program."

Well, I am a mind-reader! Here is the proof of it. We just took that vote a few minutes ago!

Question: "Why should the low-producing cow be killed when the high-producing cow does the damage?"

(Laughter).

Where is my good friend Nesbit.

Mr. Charles L. Hill, Commissioner of Department of Agriculture & Markets: He is a mind-reader too. He has just



left!

Question: "Why Wallace thought he could enforce \$1.70 per hundred to the producer when the producer is losing money and not the distributor?" (Lewis Luebke).

MR. LAUTERBACH: I don't just quite understand this. That question is difficult to understand. Why the producer's profits were not protected the same as the distributor's? That is what I would have in mind. I do not know just how to answer that question. I told you yesterday that it is awfully hard to enforce an unpopular law. That is one of the reasons that the administration at Washington stopped putting resale prices into their licenses, because they discovered there was too much difficulty in enforcing them. Maybe some day as we become better cooperators we may be able to put that over. I understand that in the State of Wisconsin in some places they have been fairly successful with that kind of a program. In the East some of the state control boards have tried it and they are all having trouble. I think it all depends on the willingness of your distributors and everybody to cooperate, and laws well enough drafted, so that you can enforce them.

Here is a question on Bang's disease: "Went it be hard for many to keep clean unless it is an area job?"

I admit that that is one of your problems. And before we enter into a program of this kind I think you should have a definite understanding with your state so that this work can be continued. If some of the neighbors test and some do not, there is danger of contamination. You men that

have already tested know how hard it is to keep your herds clean.

That is all the questions I think.

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CHAIRMAN HATCH: Now, I have here some cards on which it is easy to write your questions. I think it will save time -- that is what we need -- it will save time if you will just call for a card and write your question on it if it occurs to you at any time. I will ask Mr. Amundson or some of his assistants to help in the distribution of these cards. Mr. Roy Harris, will you take these cards please, and anyone that wants to ask a question at any time just try and get your eye on Mr. Harris, hold up your hand, and he will give you a card. I think that will help to save time of walking up here and appearing before the microphone.

Now, yesterday we had scheduled for the afternoon five to ten minute discussions by leaders of general farm organizations. At their request and with their consent we put that over until this morning. I want to say that we will take that up now. But first I have a special request from a group representing the drought area of northern Wisconsin to be heard, because they have to leave at noon.

If there is no objection then we will hear Mr. Alex Schaufelberger, Jr., of Gleason, Wisconsin. I will ask Mr. Schaufelberger to come to the platform and present his material in just as brief a manner as he can and incorporate it into the record, because they really do have a very serious problem up there which will be very greatly affected by a two year base.

ADDRESS BY ALEX SCHAUFELBERGER, JR.



Mr. Chairman and fellow farmers: Now, I am not an orator, but I have a condensed talk here that I have cut down as much as possible.

To refute the theory that surpluses on hand are created by domestically produced dairy products, I wish to submit the following facts and figures taken from a report of the Department of Commerce. While curtailing production at home in 1933, we imported agricultural produce equivalent to the producing ability of 40 million acres of land.

The value of these imported products was 600 million dollars. If this sum was equally divided amongst one million farmers, it would net them an additional sum of \$600. a year above their present income. Many of these imports were in direct competition with farmers at this time under the allotment plan. In 1933 we imported farm animals and meat products in excess of 10 million dollars, dairy products in excess of another 10 million dollars, and above this the imports of cocoanut oil amounted to nearly one billion pounds in 1933.

As an example, I would like to state, cocoanut oil importations for a three month period, July, August, and September 1932 compared to the same period of 1933 are as follows: 1932, 152,510,000-- 1933, 279,764,000 pounds, an increase of 84%.

I want to ask you all a very logical question. Are we going to allow ourselves be burdened with a process tax on home produced dairy products in the face of the ever increasing substitute importation that compete directly with our dairy products? Can we as farmers ever expect to be able to produce butter in competition with the cocoanut cow? I would

like to read into the record an advertisement as printed in Chicago by the M. V. Klich Printing Co., 2144 S. Kedzie Ave., announcing in big headlines "Wondernut" oleomargarine, 3 lbs. for 25 cents for the Easter trade of Kroger Consumers Stores. For many years the American farmer has pleaded in vain for protection from this ever increasing, discriminatory competition. The answer to our plea has been that it is unconstitutional to place a sufficient high tax to eliminate this unjust competition. May I ask, have we still such a thing as a constitution in these United States, after the "Brain Trust" has violently assaulted it for a year? Why shouldn't dairy farmers oppose contemplated process tax on butterfat when we have ample proof that the producer pays the bill of such a tax? Doesn't the market value of hogs decline as the tax increases? I would like to cite a case to you as taken from the Chicago Tribune.

"Dr. J. T. Waite, a veterinarian of Kossuth County, Iowa, was staggered to find that the processing tax on 41 1/2 tons of hogs he marketed here this week was equivalent to 57% of the total market price on this huge consignment.

He sold 187 hogs, weighing 83,730 lbs., for a total of \$3,300. The tax amounted to \$1,884.

The following statement made by Dr. J. T. Waite.

"People don't realize what a tax-mad administration means until it strikes home. Where else in the world is there a product under a taxation as heavy or as unreasonable as this one? I would be well satisfied to make the profit on my hogs that the Government is getting."

Dr. Waite's highly improved farm, or "hog factory", as



he calls it, turns out about 160 tons of hogs annually.

Further, while our farmers were paid little or nothing for cattle, horses and sheep hides, our imports of raw hides and skins amounted to over 45 million dollars. It is true that we have 10% tariff on hides and skins, but that 10% does not measure the difference with our supposed standard of living and that of other countries. There are many more imports that compete directly with those farmers under the allotment plan. For instance, we imported in 1933, 15 million dollars worth of animal fats and oils, another 15 million dollars worth of grains and grain preparations. While limiting the rice crop, we imported 30 million pounds of rice. While limiting the farm acreage for wheat and rye, we imported 10 million bushels of rye, which displaces a million acres of land if grown in this country,

Above that, we imported barley malt and malt products in excess of 2 million bushels. We also imported 15 million dollars of vegetables in United States, ranging from potatoes, tomatoes, peas and beans. We imported 30 million dollars worth of fruit and fruit preparations in 1933. Again we imported 8 1/2 millions worth of nuts which can be efficiently grown in this country. We further imported \$114,272,830 worth of sugar in 1933. This sugar does not include the sugar imported from Hawaii and Porto Rico. We also imported 15 millions worth of alcohol and other beverages in 1933. There are many other figures that I could cite, that are too numerous to mention.

Evidently, a process tax will be imposed upon us in spite of the overwhelming sentiment to the contrary. Assuming that the program to reduce production 15% to 20% goes

into effect, and the 1932-1933 average be taken on which to make this cut, I would like to know where this would lead the farmers of the drought area? I will enter here on the record a table of farmers picked at random in Lincoln County, showing the five year production from 1929 to 1933 inclusive, and you will note that these farmers have already taken a production cut of 150% to 200% on an average, and an income cut of over 200%, some as high as 400%.

PRAIRIE RIVER CO-OP DAIRY CO.

GLEASON, WISCONSIN

Patron	1929	1930	1931	1932	1933
M. Kressell					
fat <del>5000</del>	2062 lbs.	2958 lbs.	2589 lbs.	1257 lbs.	919 lbs.
cows	18 cows	12 cows	12 cows	18 cows	12 cows
F. Lam- brecht					
fat	1313 lbs.	1867 lbs.	1508 lbs.	1306 lbs.	593 lbs.
Monies re- ceived	\$631.85	\$726.26	\$412.89	\$249.70	\$118.83
cows	14 cows	13 cows	12 cows	12 cows	12 cows
R. Weiger					
fat	2136 lbs.	1966 lbs.	2047 lbs.	1908 lbs.	2973 lbs.
cows	14 cows	14 cows	14 cows	16 cows	18 cows
Wm. Miller					
fat	1961 lbs.	2843 lbs.	5163 lbs.	3628 lbs.	1950 lbs.
cows	19 cows	19 cows	23 cows	25 cows	17 cows
	\$962.68	\$1136.00	\$1334.42	\$719.85	\$392.59

Wm. Miller example of cash return five year period.

P.S. The above table illustrates the way the drought affected butterfat production during 1932-1933.

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What guarantee will these farmers get that they will receive consideration on this matter? We cannot exist on lower production and less income, and we cannot live on promises such as we have had from Washington in the past.



The farmers of this nation are asked to allow their lands to lay idle and pay taxes on them, so that we may import agricultural products in order to stimulate the trade of international manufacturers.

Why do we demand federal price fixing on dairy products? In reply, I will cite to you figures presented by the Hon. Chas. N. Crosby of Pennsylvania, printed in the Congressional Record on P. 3017 of this year.

"In 1923 there was organized in the city of New York a corporation known as the National Dairy Products Corporation, with a small capital of \$11,000,000 mainly organized from the Hydrox Corporation and the Rieck-McJunkin Co. of Pittsburgh. It will be interesting to you to know the growth of this infant industry. For the nine year period 1923 to 1932, this \$11,000,000 corporation made a net profit above all operating expenses of \$126,167,034.37, they deducted for depreciation and repairs a sum of \$115,160,590.20. The president of this company, Thomas H. McInnerney, was paid a yearly salary of \$180,000, later reduced to \$108,000; Mr. A. A. Stickler, treasurer, testified that the majority of the vice presidents on the pay roll receive from \$20,000 to \$30,000 a year".

If a dairy program is going to succeed, we must eliminate the competitive imports and secure the home market for the American farmers. We must have National price fixing on the producing as well as on the retail end of the dairy business.

I would like to ask Mr. Lauterbach a question. Due to the fact, that there is a provision in the AAA prohibiting and subjecting farmers to a fine if allotment agreements are violated, how will this act be enforced in case of group violation? Will they call out the army and do it at the point of bayonets?

MR. LAUTERBACH: You all heard that question. This man wanted to know; In case of group violation whether the Government was going to call out the army.

I just got through telling you a little while ago that one of the reasons we were fearful of some of these price fixing schemes was because they were not popular. I think that is one of the reasons the Government decided, the administration decided, not to enforce re-sale prices in Chicago, was because they were afraid of group violations.

MR. SCHAUFELBERGER: Here is the advertising sheet that I referred to a minute ago. There was a statement made by Mr. Lauterbach that when butter went above 30 cents the housewife in the city no longer bought it because they thought they should buy butter at the 15 or 20 cent margin. Now this is why they think they should buy that butter at that price; and I think it would be a good idea if the dairy farmers as a whole would petition the Government to put on a national advertising campaign and educate the American consumer about food value in oleo and in butter.

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#### R E S O L U T I O N.

Concurrent resolution memorializing the President of the United States, the Congress of the United States, the various Senators from the State of Wisconsin, the Secretary of Agriculture and the Governor of the State of Wisconsin to take such steps as are necessary to secure passage of such legislation that will tend to relieve the farmers engaged in the dairy industry and place them on a parity with other industries.



WHEREAS There is little or no overproduction of domestically produced dairy produce (if such overproduction exists) any surplus can be directly attributed to the unfair competitive substitutes and imports. Further, use of such substitutes is increasing at an alarming pace;

WHEREAS, Manufacturing industries, processors etc. are protected under their respective codes, guaranteeing fair competition, cost of production and a reasonable profit;

WHEREAS, Millions of acres of land have been curtailed and are not producing the products which are affected by the allotment plan under the A.A.A. Further, little or no legislation has been enacted to prevent such land from being utilized for dairying;

WHEREAS, Certain geographic sections of the United States are only suitable for dairying and not applicable to extensive diversified farming; Therefore

BE IT RESOLVED; That we petition the President of the United States, Congress of the United States, the Senators from Wisconsin, the Secretary of Agriculture and the Governor of the State of Wisconsin to use their influence to bring about the necessary legislation (other than a processing tax) to protect the dairy industry against the discriminatory imports of substitutes and foreign dairy products, such as oleo, copra, cheese, casein, etc.

Further, that the Government take necessary steps to place the dairy industry on a parity with other industries and set a price on milk at the farm equal to cost of pro-

duction.

Further, that legislation be immediately enacted and steps taken to the extent to prevent processing of milk into a non-perishable product, where such milk is produced on land now under the allotment plan.

Further, that necessary steps be taken to create a national dairy planning board. The object of such a planning board would be to zone the United States and determine which of such geographic zones are best suited for dairying.

After such survey has been made, such districts best suited for dairying and not suited for diversification be given preference in future dairy legislation over such districts where diversification can be applied.

Further, that necessary legislation be enacted to create a national dairy marketing and price fixing board in order to control retail marketing prices and prevent the excessive profiting as practiced in the past.

BE IT FURTHER RESOLVED; That a copy of this resolution be sent to the President of the United States, the Secretary of Agriculture, the Senators and Congressmen of the United States from Wisconsin and the Governor of the State of Wisconsin.

Dated at Gleason, Lincoln County, Wisconsin April 2, 1934.

Approved and adopted by the following co-operative farm organizations and dairy farm groups:

Wisconsin Co-Operative Milk Pool, Lincoln County Division, Gleason, Wisconsin. Alex Achaufelberger Jr., Pres.



American Society of Equity, Russell Schley Local,  
 Gleason, Wisconsin. Fred Pike, Secretary.

Prairie River Co-Operative Creamery Co.  
 Gleason, Wisconsin. Walter A. Schenh, Sec'y.

North Star Cheese Factory,  
 Gleason, Wisconsin. Carl Wachsmith, Sec'y.

Schley Co-Operative Swiss Cheese Co.  
 Merrill, Wisconsin. E. L. Krahn, Sec'y.

Ideal Co-operative Creamery Co.  
 Bloomville, Wisconsin. A. L. Peroutky, Sec'y.

Wisconsin Dairymen's Protective Ass'n,  
 E. C. Brown, Sec't,  
 Wausau, Wisconsin.

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CHAIRMAN HATCH: Mr. John Kroll of Shawano has sent up a question here. If Mr. Kroll will kindly come up Mr. Lauterbach wants him to interpret this question for him.

I think Mr. Jo Beck of the Department of Agriculture & Markets has some rather recent information on the progress of legislation in Washington, particularly with reference to the tax on butter substitutes. Will Mr. Beck care to make that information known?

MR. JOSEPH BECK, one of the Commissioners of the Department of Agriculture & Markets of the State of Wisconsin:

Mr. Chairman. I think this will probably answer a question asked yesterday by Mr. Weis. The original A.A.A. Act had in it the provision limiting the tax on foreign fats and oils that compete with butter, to two cents. I got information day before yesterday that that had been taken out of

the law. And this morning I received a letter from a congressman that I think you ought to have before you. I had written him to put up a fight against the proposal of the Senate to reduce the five-cent tax on cocoanut oil to three cents, and this letter is in reply to that letter:

! ! ! ! !

"Joe, I want to call your attention to what is happening with regard to the five cent excise tax placed on vegetable fats and oils in the House Revenue bill. The Senate committee cut this tax to three cents. The bill is now being considered by the Senate. I am reliably informed that the whole tax on vegetable oils is to come out of the bill and this is the reason:

Congress recently passed in rapid order the Philippine Independence Bill endorsed by the President. Under the terms of the bill the Philippines do not get their complete independence for twelve years, but the government expressly provides in that bill that they will not impose any excise taxes on Philippine products during these twelve years."

So they have just beat us to the goal.

"I understand President Roosevelt takes the position that the bill having been negotiated largely by the State Department that he is compelled as a matter of common honesty to observe the terms of the Independence Bill which he has already signed, and, therefore, the Democratic leaders on the hill have been told to take the excise tax off vegetable oils."

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CHAIRMAN HATCH; I will ask the stenographer to incorporate in the record the statement given by Mr. Beck.

I have here a brief resolution presented by the Medford Co-Operative Creamery Company for introduction in the record:

"Whereas, we do not believe there is any overproduction of butterfat; and further we believe that in a large country like our U. S. A. there should always be a surplus on hand which should be under Government control;

THEREFORE: Be It Resolved that we, the officers and patrons of the Medford Co-Operative Creamery Company go on record opposing any reduction in production of butter, or imposing a processing tax."

This is signed by John J. Frey, President and  
Albery Zentsch, Sec-Treas.

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CHAIRMAN HATCH; Now Mr. Lauterbach, shall we reserve these questions for later in the day and give an opportunity for other things?

MR. LAUTERBACH; Let us take them now.

CHAIRMAN HATCH; Well if these organizations that still are to be heard consent, we will answer the questions now. That is, if I do not hear any objection to answering these questions we will proceed on that basis. -- All right. We will do it now.

MR. LAUTERBACH; The first question I have here: "How much is the A.A.A. going to cost in administration? How many needed to administer it?"

Well that is a big order for one man to answer. But I want to say this for you, the dairy farmers: The A.A.A is already in operation I think under six other commodities, and you are helping pay part of that bill, because some of it is coming out of the general appropriation. We will all have to admit that it is a heavy expense, but most of the money is going to be spent right in this community. In other words, your county control production committee and others are being paid. And while there is a heavy expense at Washington I think most of it is going to be put right back or paid right back to the community where it comes from.

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Question: "Why not increase the minimum butterfat content of fluid milk from 3.3% to 3.5%?" E. W. Branford.

MR. LAUTERBACH: He might have also added: Butterfat content of butter; butterfat content of cheese, and butterfat content of evaporated milk.

There is some merit to that question. But we need additional legislation; not only federal but also state legislation.

Here is a man wants to know: "Wouldn't the imposition of a processing tax tend to penalize the non-cooperator as well as force the producer of substitutes to contribute to the fund?" John M. Kroll, Shawano, Wisconsin.

MR. LAUTERBACH: Absolutely. If a processing tax of five cents a pound is established, the man that does not come under is naturally going to help pay the bill, and probably be the loser. Somebody suggested yesterday that the processing tax ought to be ten cents a pound, and that would force



everybody in under the contract. And the high tax on the substitute of course would go into the general A.A.A. fund. Now whether that would be applied direct to dairying I am not sure -- or tax the dairyman. But all of these funds go into one account, in the comptroller's account.

Question: "Is this Government plan going into effect in spite of the opposition as here shown?"

MR. LAUTERBACH: I think I have made that plain many times, that this is only a hearing; and I do not think that the Government is going to put in any plan which they have finally become convinced the majority of the dairy farmers do not want.

(Applause).

Question: "Isn't it a fact that when butter goes over 30 cents on American markets, foreign butter comes in this country by the shipload and replaces domestic products?"

That of course all depends on what the foreign condition is. Our tax now is 14 cents, and if they can come in here and get 30 cents, naturally they are getting about 16 cents for their butter, less the freight; and there is a possibility of bringing in foreign butter.

Question: "Could not the Government regulate cow population to the advantage of both the dairy and beef farmers by paying an indemnity on veal heifer calves (choice 150 pounds), this fund to come from a direct appropriation by congress, a suggestion of \$6 per hundred, and paid only on heifer calves of 150 lbs or better?"

MR. LAUTERBACH: That I guess requires more legislation and an appropriation from congress.

I might say that we have a gift in one of the bills on the President's desk now of fifty thou and dollars that can be used by both beef and dairy cattle -- fifty million dollars, I should say.

Question: "Why should the cow suffer on account of the cocoanut? Why should 2,000,000 dairy farmers reduce on account of substitutes. Put a tax on oleo of 35 cents a pound. That will fill the bill. The supreme court decides that Government has the power to tax a thing out of existence. Why don't they do it?" J. A. Dahnert, Sullivan, Route 2, Wisconsin.

MR. LAUTERBACH: That of course again goes back to our Philippine proposition. That is still our country; and evidently we will have to continue to take in their products from the cocoanut cow until such time as we can do away with them as far as possessions are concerned. I might also say that we do not want to lose sight of the fact that an awful lot of our butter substitutes are made out of our own products produced right here in this country.

I do not know whether this statement is correct but I was told that we have enough cotton seed oil on hand today to supply us for one whole year. And remember, if we want to introduce a bill in congress to do away with butter substitutes, we are going to have a lot of opposition.

Question: "At yesterday's session you referred to a



certain action taken against a retail dealer who sold milk too cheap. How about the farmer who sells milk too cheap, below the cost of production?" T. A. Howe.

(Applause).

MR. LAUTERBACH: Well that again goes back to your group action. Cotton farmers in the south have asked their congressmen and senators to pass a bill and make it compulsory to only raise a certain amount of cotton. It would be interesting to see what happens. If that works, I suggest that you dairy farmers do the same and put everybody under a license. Then of course you will still have the same problem of group action, like Mr. Schaufelberger referred to awhile ago.

Question: "The A.A.A in arranging for loans on cotton at 10 cts per lb, on corn at 45 cts per bushel, has practically established minimum prices for these products. Why does not the administration arrange for loans on butter and cheese at least at prevailing prices to assure the dairy farmer that such market prices will not be reduced upon the imposition of the tax? This would eliminate the objection to the tax." Paul Weis.

MR. LAUTERBACH: I want to say that just as soon as the dairy farmers get together on a program -- remember, I said a program, or a plan -- it does not have to be the one we are presenting here, then you are going to have at least some possibilities. But until you agree on a program you are not going to have a chance to get any loans on butter, I don't think.

Question: Where would the burden of the processing tax

fall? If no reduction -- on producer -- If reduction, price increase." Bruce Pannier, Chippewa Falls, Wis.

"Price increase should offset the tax."

MR. LAUTERBACH: Well, that is a big question. When we started out last fall with our hog program, there was no question as to who paid the processing tax. We all knew it at that time. But there is the question right now how much of that processing tax on hogs is paid by the farmer, and how much is paid by the consumer, because hogs have been higher than they were a year ago. Now if any of you can prove why hogs are a higher price now, I would like to have you answer. I do believe this, that if we should put this processing tax of five cents a pound on butter immediately, that the producers would pay the tax to start with. But as we go along and get production under control, chances are the consumer would pay a big share of it if not all of it.

Question: "Should quality dairy products have consideration? And should the Secretary of Agriculture accept contracts from producers who are not willing to produce a clean product? Why should additional revenue be extended to a producer that is selling rotten cream or dirty milk? Why have federal inspection of meats and not dairy products? Isn't butter made from inferior cream being sold in competition to sweet cream butter and used to depress the prices of butter. Isn't this an unfair trade practice as far as consumer is concerned?" R. Murray, Ogdensburg, Wis.

MR. LAUTERBACH: That comes right back to what I have been preaching in Minnesota and Wisconsin for a long time. And I made the statement at Indianapolis the other day that if we



had properly supervised quality production of cream and fluid milk and the products into which they are manufactured, we would not have any surplus today.

The question came up at Indianapolis why it was that so many farmers in Ohio and Indiana were buying oleomargarine; and from the kind of butter they serve in many of these hotels and many places in the East, I don't blame the people for eating oleomargarine. (Applause).

Question: "Does the A.A.A. authorize compulsory production control?"

No.

Question: "Does the A. A.A. authorize price fixing?"

It does as far as the producer is concerned. As I said yesterday, we are trying to fix the price of evaporated milk and milk sold to evaporators, trying to fix the price, wherever people want to license fluid milk; and I think the day will come when we can do the same for the butter and cheese people. But before we can do that we will have some kind of control legislation passed.

Question: "Does the A.A.A. authorize a dairy code combined with modified price fixing?"

That probably refers to resale prices. I would say that right now we do have in many particular licenses, fluid milk licenses, a minimum price, minimum resale price, or minimum wholesale price, I should say. We have a minimum wholesale price on evaporated milk.

Question: "What suggestions have the A. A. A. administrators for strengthening the Act?"

Well that is a hard question to answer. I would not try

to attempt to answer that. One of the suggestions that I would like to make that would possibly help would be to strengthen the act so that it is easier to enforce the licenses which we are now putting out.

Question: "Do you not think that compulsory production control would not be unpopular if at least parity prices are fixed"?

Parity prices on butter today are, as I understand it, pretty close to forty cents a pound. I suppose if we could get a guarantee, or if you could every one of you be guaranteed forty cents a pound for your butter fat or butter, we would not have any trouble getting you to sign these contracts. But the danger of it would be that they would not eat our butter. Or at least, if we could get only over a certain price.

Question: "How will it be possible to get authentic records of past dairy production?"

I think in the state of Wisconsin you will have very little trouble getting records of past dairy production. I know in some places you go back twenty years; although there are some men that are selling in the fluid milk markets where probably it is almost impossible to get records. You would probably have to take affidavits, the same as you did on hogs. Possibly in some of the other states where they do very little dairying it would be a problem for the producer to furnish evidence of what he actually sold.

Question: "Will provision be made for adjustment of bases for farmers who have had their 1932-1933 production affected by conditions not under their control?"

I would say there is a possibility, as I stated this



morning, where there has been drought, or something along that line, there may be objection or there may be some dangers.

Question: "Will it be possible for allotment committees of dairy production control associations to have more power in handling individual cases than the wheat and corn-hog committees?" (R. N. Rasmussen, DeKalb, Ill. )

I don't know how much power they had, but I will say this, that any rulings that are made naturally would have to come out of Washington and everybody would have to live up to them. If we let every state make its own rulings, you would have as many different opinions as we have got in this audience today with reference to dairy control program.

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CHAIRMAN HATCH: Mr. Lauterbach and the chairman have agreed that we will resume this questioning, giving the answers to these questions, the first thing after lunch. Be back here at 1:30 and we will try and clean up the rest of them. They are coming here so fast that I am afraid that you are going to use up all the time of people who have been promised and offered an opportunity to appear. We have here some resolutions that have been offered for the record. I will read them.

"At a meeting held at Sparta, Wisconsin, on February 22, 1934, by the Western Wisconsin Co-op Creamery Association, which consists of all creameries in Monroe County, manufacturing approximately eight million pounds of butter annually, the following resolution was unanimously adopted:

WHEREAS, it is the intention of the Agricultural Adjustment Administration to enter upon a program of dairy reduction along the same lines as used in the reduction of

corn, tobacco, wheat, etc., and

WHEREAS, we believe that the production of dairy products has not increased as rapidly as the other products, such as wheat, tobacco, hogs, etc., but that the surplus of dairy products is caused because of the importation of foreign dairy products and foreign oils and the domestic manufacturing of oleomargarine, and

WHEREAS, the consuming public is not buying even the minimum amount of dairy products necessary for the maintenance of health,

THEREFORE, BE IT RESOLVED that we are opposed to a processing tax and a reduction in program on and for the dairy industry, but ask that all importation of foreign oils and dairy products be stopped and that diseased cattle be eliminated from our herds on a program such as used in elimination of tuberculosis.

J. E. Leverich-Pres.

Henry N. Erricksen, Sec'y.

Members of this Association are from the following farm-owned creameries located at Sparta, Melvina, Cashton, Ontario, Kendall, Hoffman Corners, Norwalk, Tomah, Tomah City, Oakdale, Warrens and Clifton, and Wilton.

(Applause)

CHAIRMAN HATCH: Here is a resolution offered by the electors, which explains itself:

"At the spring election of April 3, 1934, held at Portland Township, Monroe County, Wisconsin, the electors elected the undersigned to represent the said township at the Agricultural Adjustment hearing at Madison, Wisconsin, on April 4th and 5th. The voters expressed a strong opposition to the process tax and reduced program for dairy industry.



I therefore submit the following resolution on behalf of the electors of the Town of Portland.

WHEREAS, it is the intention of the Agricultural Adjustment Administration to enter upon a program of dairy reduction along the same lines as used in the reduction of corn, tobacco, wheat, etc., and

WHEREAS, we believe that the production of dairy products has not increased as rapidly as the other products, such as wheat, tobacco, hogs, etc., but that the surplus of dairy products is caused because of the importation of foreign dairy products and foreign oils and the domestic manufacturing of oleomargarine, and

WHEREAS, the consuming public is not buying even the minimum amount of dairy products necessary for the maintenance of health,

THEREFORE, BE IT RESOLVED that we are opposed to a processing tax and a reduction in program on and for the dairy industry, but ask that all importation of foreign oils and dairy products be stopped and that diseased cattle be eliminated from our herds on a program such as used in elimination of tuberculosis.

By Henry N. Errickson.

CHAIRMAN HATCH: Which seems to be very similar to the other resolution just produced and is introduced into the record.

Now, if you will permit the chairman, he would like to come back to the order of business, which has been considerably delayed.

We hope to have an opportunity for all people and all

organizations to be represented in accordance with the plans. There is just one fly in the ointment and that is this: The speakers are unaware of the flight of time. Now may I ask each and every one of you to make your remarks directly on the question before us, which is the dairy adjustment program, and be as brief as possible. The Chair does not want to limit anybody in the full and free expression of his views. Yet we do not want to exclude anybody because too much time has been devoted to certain individuals.

Is there any member of the five or six leading farm organizations ready at this time for the presentation of his material? If so, we will turn to that now. I have here a list. Shall I call the roll, or how will we get at it? I refer now to the state-wide farm organizations like the farm bureau, the Grange, the Society of Equity, the Farmers' Union, the Progressive Farmers, and I think there is one other; Mr. Hupper, secretary of the ~~XXXX~~ Wisconsin Farm Bureau Federation.

MR. HUPPER: It is understood that that was to be taken up immediately after lunch and the chairman of the Council of Agriculture take charge of the program.

CHAIRMAN HATCH: If there is no objection to that procedure I think we will take that up immediately after lunch as requested by Mr. Hupper.

MR. PAUL WEISS: Mr. Chairman, I would like to request that these speakers representing general farm organizations make a statement for the record to show whether their expressions are endorsed by their membership, and whether they have polled their membership on their contentions or not.

CHAIRMAN HATCH: I will repeat the request of Mr. Weiss, which is I think entirely pertinent; He asks that each



representative of a general farm organization be prepared with a statement for the record which will indicate whether they have been instructed by their membership to so express themselves, or whether they are expressing themselves as individuals.

(Applause)

CHAIRMAN HATCH: Charles L. Hill, chairman of the state department of agriculture and markets, has wires and letters received by him that he wants to introduce into the record. Mr. Hill. It has been asked, I think, that they be submitted for the record.

BY CHARLES L. HILL

(Telegram)

Tomah, Wis.

Dairymen and Veterans of the town of Tomah assembled in annual town meeting for the town of Tomah, Monroe County, Wisconsin, do hereby resolve first that we endorse the federal program for elimination of cattle effected with Bang disease and those of poor production second, be it further resolved that we favor the prohibition of the production and sale of oleomargarine in the U. S. Third, further be it resolved that we desire a more effective system against the importation of foreign butter, Fourth, also be it further resolved that we are unanimously against the AAA program of a processing tax on the butterfat sales further be it resolved that a copy of these resolutions be forwarded by night letter to the committee in charge at Madison signed E. E. Wyatt we hereby certify that the foregoing resolution was adopted at a meeting of 125 voters.

Wm. F. Matthers, Chairman  
W. J. Reardon, Clerk.

Note: Farmers Butter Association of Tomahk wishes to be placed on record as disapproving of processing tax as now being drafted by the AAA.

G. Falkner, Secretary Manager.

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MR. HILL; This is from a farmer at Roberts, Wisconsin.

"I see there is to be a meeting in Madison soon to consider the dairy reduction problem. Now, because of short crop in northern Wisconsin, we have been forced into a very large decrease in herds and yearly production.

We are much in need of increase in numbers of cows and production instead of a reduction.

It has been impossible to meet our legitimate expenses or taxes.

As I see the situation the producer to a great extent will be compelled to pay the process tax instead of passing it on to the consumer which we should not expect to do. If this is forced on us it will be calamity and maybe put us out of business.

I hope this will not happen.

Yours truly,

H. A. Rundell.

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Appleton, Wis.

April 2, 1934

I see by the papers that a plan of dairy reduction is proposed to charge a processing tax on butter fat and pay to those who reduce about 15%. And to show the injustice this plan would work on some of us I am writing this letter.

I bought this 80 acre farm in the year 1920 for the sum



of \$21,000 with personal. In the year 1924 (as your records will show) I lost my entire herd of 25 head of cattle from t. b. I received indemnity from the state, but it took me till year 1927 till I again had 15 head of milk cows but in short time I again had only 12 head left of milk cows two I lost from wire and one mamitis, In the year 1928 the abortion set in in 1931 I again had 17 head of milk cows but five would not breed and one lost her calf from abortion so in 1932 I had 11 head. In 1933 I had 12 head and now I have four extra heifers coming making 16 head in all. Now, if I should reduce 15% from 32 & 33 I would have only about 10 cows where other farmers on 80 acres that always had 16 to 18 cows would be allowed about 14 head. They had the best of it and now will have the best of it again. If I don't join I will have to pay them and not get any benefit where they will still have about as many cows as I have and get money from me too yet.

Please give us justice.

I say classify the land and allow a certain limit for so many acres, according to class and no tax.

Yours truly,

Walter Steinbach,

R. #1

Appleton, Wis.

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MR. HILL: I think you will be interested in this wire that came from Washington from an organization called Co-operative Dairy Defense Committee composed of I notice some who announced themselves this morning as fluid milk organizations and included the Land-of-Lakes creameries and several other organizations.

These reports come from meetings held yesterday:

Three reports from Indianapolis meeting from Louisville, Cincinnati, Detroit wire me plan disapproved particularly by fluid milk producers though analysis shows plan hurts butter producers more Stop Only group appearing approve was limited farm bureau section but we all know oneal thinks soft seaping Wallace will help his organization Stop Philadelphia reports general disapproval with New Jersey militantly against plan Stop Holman wires from Kansas City producers take sharp issue against plan Stop Denver post wires only forty three farmers from three states attended Denver meeting and it is attacking administration account expense sending four men from Washington for such a meeting Stop Please relay to Glover Brandt Moscrip.

Roy M. Pike Chairman Co-Operative Dairy Defense  
Committee.

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Stratford, Wis.

4/2/34

I hope you will be successful in adopting a more satisfactory dairy program at the regional meeting, especially for farmers living in the drought area.

Below are the number of pounds of butter fat I had in 1932 and 1933 in a herd of 12 cows.

	lbs. B.F.	
1932	- 1,683.8	- \$341.36
1933	- 1,283.4	- \$317.49

Reduce 15% of this and what will I have? Can barely meet taxes, not to mention interest and other obligations besides a fair living.

Yours truly,  
Matt Hughes,  
R.R. No. 1-Box 129.  
(152)



MR. HILL: May I ask permission of the chairman and of the audience to read five pages prepared by the National Dairy Council on Increased Consumption and not Reduced Production.

Members of audience go to it.

MR. HILL: This is prepared by M. D. Munn, president, National Dairy Council and I think thousands of you who know Mr. Munn will expect sound thinking from him and I think you have it in this.

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Increased Consumption not Reduced Production

by

M. D. Munn, President, National Dairy Council

Under the allotment plan submitted by the government to dairy farmers it is proposed to expend a quarter of a billion dollars to reduce production as a means of increasing the price farmers receive for milk. This sum is to be made available through a process tax.

Ten million dollars spent during 1934 in a nation-wide advertising campaign on the food value of milk and its products would so increase consumption that farmers would receive higher prices for their milk and possible danger of surpluses would be removed for some time to come.

We firmly believe that with the increase in employment and wages now taking place consumption can be increased to such an extent that farmers will receive a more certain and greater advance in price for their milk than is possible under the allotment plan.

The balance between production and consumption at

present is so nearly balanced that an increased use of only one-half glass of milk daily, by each person, for one year would require ten billion pounds more milk than was produced last year.

Under the allotment plan it is proposed to reduce production by about the same amount. The net difference between a successful program to increase consumption and one to reduce production is the consumption of twenty billion pounds of milk.

Under the Agricultural Adjustment Act the Secretary of Agriculture has authority to use funds already appropriated, or to otherwise make available, ten million dollars for advertising dairy products. Under the heading, "Declaration of Policy" it is provided:

"It is hereby declared to be the policy of Congress--  
(1) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers....."

In addition to this, in subdivision (b) of Section 12 of the Act the Secretary of Agriculture is authorized to use funds appropriated by the Act or to be derived from a process tax for expansion of markets for dairy products and removal of surpluses.

Under this declared policy Secretary Wallace has just as much authority to reestablish prices through an increased consumption of dairy products as he has to reestablish such prices under a decreased production program. It is a matter of policy and not of law. The only question to be decided between methods or plans is which will accomplish the de-



clared purposes of the Act most economically and to the best interest of farmers.

Any plan which may be decided upon under the Agricultural Adjustment Act should not only be one that will be of immediate benefit to the dairy farmer in stabilizing or increasing the price he receives for his milk, but one that will permanently benefit and maintain prices. Such a plan, in addition to carrying out the intent and purpose of the Act, should, as far as possible, be one that will be of direct benefit to our fifty million growing children and the health and welfare of all people of this country.

Mr. Chester C. Davis, Administrator of the Agricultural Adjustment Act, in a nation-wide broadcast to dairy farmers, March 21 said with commendable frankness and candor:

"Now let me make one point clear. We are not suggesting that dairymen curtail production of milk because we like the idea. We would like to see this nation consume much more milk and butter than it is now consuming and at a fair price to the farmer."

Administrator Davis closed the outline of the dairy program by saying:

"Therefore, we submit our program. We invite discussion. We want to do what the dairy farmers of America want us to do. Adoption of the plan is up to them."

The dairy farmers of this country, in making final decision on this program should have in mind certain fundamental facts. There is not now and has not been during the entire period of the depression any large surplus of dairy products. It is true during the last six months of 1933 there was approximately a three per cent surplus of milk

produced which was made into one hundred million pounds of butter and thirty million pounds of cheese. This comparatively small surplus has all been easily disposed of as follows: The government purchased and distributed fifty million pounds of butter to families temporarily unemployed and on relief.

The butter industry itself conducted an advertising campaign which disposed of the other fifty million pounds through increased commercial sales. The Department of Agriculture reported that commercial sales of butter during January and February of this year were four to five times greater than during the same months last year and this notwithstanding the fact that during the month of February, 1934 prices of New York Extras averaged six and three quarter cents a pound more than in February, 1933. During this same period the cheese industry conducted a cheese week campaign which disposed of most of the cheese surplus so that at present there is no material surplus of dairy products. On the contrary, there is a potential consumptive market awaiting this industry for fifty per cent more dairy products than is now being produced.

According to Department of Agriculture estimates supported by many other surveys, the average consumption of milk in this country today is considerably less than one pint per person. Scientific and food authorities say it should be double this amount in the interest of health and well being. A committee composed of outstanding food scientists appointed by the American Public Health Association after an exhaustive study of the subject of milk and



its consumption made the following statement: "Present information as to cost and value makes it quite clear that the entire community would save expense and serve their nutritional needs best if as much as one quart of whole milk were used as food for each member of the population daily."

In the February 23, 1934 issue of the Consumers' Guide, the Consumers' Counsel of the Agricultural Adjustment Act made the following statement: "We are not only consuming less milk than would be best for us, but we are not even producing enough to supply that adequate amount fully, another great expert on foods -- Dr. Tolley of the Agricultural Adjustment Administration -- tells us. To get all the milk we would need to put everyone on 'an adequate diet at moderate cost' we would need 15 million more cows than we now have."

There are in this country more than fifty million growing children most of whom are not receiving nearly as much milk and its products as they should in the interest of physical development and health, and millions of whom are receiving very little milk. The future well-being and efficiency of this nation largely depends upon the proper physical development and robust health of these fifty million children as well as those who follow after them.

Our national well-being also depends in no small degree upon the health and physical fitness of adults who now carry on our industrial and national life.

With production today far below requirements for supplying adequate amounts of dairy products which old and young

alike require, which is the sounder plan or policy--to reduce production of milk by approximately eleven billion pounds below present production or to expend five per cent of what it would cost to bring about such a reduction in an effort to increase consumption sufficiently to sell eleven billion pounds more milk than is now being produced?

United States Census reports together with yearly estimates made by the U. S. Department of Agriculture show that between 1920 and 1932 inclusive milk production increased from sixty eight to one hundred and four billion pounds all of which has been consumed by our people. As a result of this tremendous development of the dairy industry the proportion of farm income received from milk has increased from fourteen to twenty-five per cent of the total gross farm income during this period.

With a potential market before the industry which has an ever-increasing assurance as industrial conditions improve and idle people secure employment, farmers should give serious consideration to the possible results or effect that may follow a reduction of ten per cent in the present milk supply of this country. While consumers will accept reasonable increase in prices resulting from a normal available supply of milk, will they have the same attitude if such increase in price comes from a plan to reduce production as a means of bringing about such an increase. Farmers should have in mind the future welfare and development of this industry as well as the present deplorable condition in determining their actions at this time.

As stated before, this question is one of policy. Those in charge of the administration of the Agricultural Adjust-



ment Act have questioned the soundness of a program for promoting the consumption and price of one farm product as distinguished from other farm products. There are very definite reasons why an entirely different policy and plan can and should be adopted in relation to dairy products from that of other farm products. Cotton, wheat, cattle and hog products which are now under the allotment plan have large annual exportable surpluses which largely determine the price the farmer receives for that proportion of these products consumed in the domestic market. Such, however, is not the case with dairy products because there is not now and has not been for years an appreciable exportable surplus. The home market for dairy products has required all that has been produced and at times more. Fortunately for the dairy industry this home market can be largely expanded to the advantage of the dairy industry and with even greater advantage to the consumers of these products.

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MR. HILL: I am proud to say that I have been a member of the board of directors of the National Dairy Council for many, many years representing breeders associations on the council of directors, and if it is not out of order I should like to offer as a resolution this program submitted by Mr. Munn, because there is in that one thing that has not yet been brought up; that is, that he calls attention to the fact that it is his belief that the Agricultural Adjustment Administration do have power under that act to substitute a program for the increased consumption of milk in place of reduction.

Therefore, I would offer that as a resolution, that the sentiments expressed in here be the sentiments of this meeting.

(Motion seconded)

CHAIRMAN HATCH: Mr. Hill has offered this statement as a resolution for incorporation in the record. If they raise no objection to the incorporation of that in the record as a resolution it will be so included.

CHAIRMAN HATCH:

MR. JAMES PROSSER, of the Antigo Milk Products Co-op has a word to say. We have returned now to statements by individual milk producers and representatives of co-operative dairy marketing organizations. Mr. Prosser is president of the Antigo Milk Producers Co-operative. Mr. Prosser.

MR. JAMES PROSSER: Mr. Chairman and ladies and gentlemen. I have been asked to say a few words for the drought area. While the general condition in dairying in the United States has been on the increase, we in the drought area have had a gradual decrease in the past several years.

Langlade County like many other of its neighboring counties has had a severe drought and grasshopper infestation during the past three years. This weather and pest condition has reduced the incomes from dairy farmers in this section so that a further reduction caused by the A. A. A. program would badly hamper the operations of the dairy farmers and dairy plants. Up to three years ago Langlade County had the highest income per acre of land under plow of any county in Wisconsin. Over 1/2 of the agricultural income of the entire county comes from dairying. Another 9% comes from the production of livestock. Agriculture is the chief source of income directly or indirectly for



practically all its 20,000 people. It is therefore easy to be seen that any program that would further diminish the income from our 2000 farms would mean doom to practically all our population.

The first year of drought and grasshoppers caused our farmers to use their savings of previous years in furnishing feed for the livestock. At the end of the second year it was necessary to borrow seed and feed loans from the government in order to plant a crop and to keep the herds alive. In the third year however there were little funds remaining and during the past winter the government has had to furnish a great amount of money for human relief and livestock feed. During this winter practically 1000 of our farms are getting their entire feed supplied from government relief sources. Our only salvation is the possibility of growing a crop and retaining our livestock and dairy income during the next year.

In order to do so we will be required further to obtain seed through government sources for our crop this year to be able to expand our income from dairy products. Unless this is done the governmental organizations bearing the responsibility of keeping these people alive will require a tremendous amount of money for relief purposes.

The following tables show the way that dairy production has been reduced in Langlade County. I will read here some figures compiled from the different plants, cheese factories and creameries in our own county, Langlade County.

Based on the 1928, 1929 total production in the county our 1930 production was 90%.

In 1931 based on 1928-1929 production our total produc-

tion was 80%.

In our computation we obtained the production records of 65 farmers in 1928, 100 farmers in 1929, 1930, 1931, 1932 and 1933. It will be noted that the average production per farm in 1928 and 1929 was 2636 pounds, in 1930 the production was 2380 pounds or 90% of the 1928-1929 average. In 1931 the average production was 80%, in 1932 66%, 1933 61% of the 1928-1929 average.

Since the A. A. A. required as a base the 1932-1933 average production we have compared this with the average production for 1928 and 1929 which we consider normal. It will be noted that 1689 pounds is our average production for 1932 and 1933 which is 63% of normal, 37% below normal. To support these figures we have obtained our average total county production for 1928-1929 which is 3,040,000 pounds. The total county production for 1932 was 1,785,966 pounds that leaving an average for 1932 and 1933 1,936,636 pounds or 63%.

While the rest of the dairy world has been increasing production, Langlade County dairy farmers have had to reduce on account of weather conditions and insect infestation over which they had no control. Further reduction would destroy their possibility of recovering from these losses. We would prefer to support the administration dairy program but it is necessary that we object to its present form unless a proper factor can be allowed to take care of the losses we have sustained which other dairy sections have not.

I have here some reports of different creameries and



I agree with Mr. Lauterbach, I don't think it would be very difficult here in Wisconsin to go back a number of years and get accurate production figures.

Here is a report from the Rosholt Creamery in Portage County which shows the 1932-1933 production of 18.5% below the previous four year average.

Here is the Forest creamery, St. Croix County, which shows a total 1932-1933 production of 10.8% below the previous four year average.

Here is the Iola creamery in Waupaca county which shows a 10.2% below the previous four year average, for 1932-1933 production.

I think that the different counties would be able to produce their accurate production figures for the last number of years.

I would like just to say that yesterday one of the speakers made a statement here that the farmers will have to pay this processing tax. I also heard a statement that we farmers are now paying the processing tax on cotton goods, and on flour and different wheat products that we buy, and on corn and hogs when we buy feed. And if that is true, I think that should be a pretty good indication that the consumers of dairy products will pay our processing tax.

(Applause)

The statement was also made that instead of the processing tax if all the farmers would join the cow testing associations and eliminate poor cows, it would be very much to our advantage. I am a firm believer in cow testing associations. I belonged to one for a number of years. But this gentleman said that he did not think we should have mail

order cow testing but he thought we should have a legitimate cow testing association. And if we have 200,000 farms in Wisconsin and your average cost would be about \$30 per farmer for doing that testing we would have a bill for cow testing work of five or six million dollars. If that is true it seems that no matter what program is presented to us the administration of it is going to be expensive.

I think we certainly need some help and we need it immediately.

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The following telegrams were presented by Mr. Prosser to be placed in the record:

Antigo, Wis.

April 3, 1934

Illness prevents me from appearing personally at the agricultural adjustment hearing but the Langlade County situation is so grave that I make this request by wire half a century's residence in Langlade County is my authority in saying that with the exception of the past three years drought was unknown lack of rain and grasshopper plague for three years has cut down our average dairy product over fifty per cent to take fifteen per cent from this amount would leave our dairy industry ruined fifteen per cent of any normal years production would be only just to our farmers give our farmers due consideration.

Fred L. Berner Publisher Antigo Daily Journal.

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Antigo, Wis.

April 3, 1934

The Antigo Association of Commerce urges upon the Agricultural Adjustment Association to give Langlade County



due consideration in reducing the dairy production for Langlade County in accordance with the order of the secretary of agriculture the past three years have been disastrous to our farmers because of drought and grasshoppers our dairy production is over fifty per cent below normal to take fifteen per cent from this production would mean ruination for our farmers give us opportunity to get back somewhere near normal fifteen per cent reduction from normal production would be giving our farmers no more than just consideration Stop help save our farmers from complete ruin.

Antigo Association of Commerce W. J. Gallon,  
Pres.

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Additional Comments by Charles L. Hill, Chairman  
Department of Agriculture & Markets

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I think the important thing as a program is to stress just the things that were in Dean Christensen's program, or at least the three of them, all of which were mentioned in the paper already prepared by Commissioner Schultheiss; notably the elimination of poor cows by Cow Testing Association work if possible, but if that can't be accomplished, ask the farmer to eliminate his three poorest cows. Then I would put on the disease elimination program, and as an inducement to the farmer who has a clean herd, and who does not eliminate poor cows, that if he tests his herd and has no reaction to the abortion test, that he can eliminate the poorest producing ten per cent of cows in his herd, and get the same indemnity on those that he would get for Bang's

Disease Reactor.

Then I would stress the continued use of milk for relief purposes; it is quite certain that larger amounts of that are evidently going to be needed, because of the reports we heard today about the number that were going back on public relief.

These things, of course, are all temporary, and that is what we are talking about.

So far absolutely nothing fundamental has been done to change the picture of the present set-up which makes it possible for men to pile up enormous fortunes in a short period of time through preferential tariffs, mail and ship subsidies and everything else that has been and is being done for big business.

I would, therefore, say that the fundamental thing that should be done, is to so change the laws to do away with property taxes and place the taxes all on an inheritance or an income basis, unless, of course, we want to use such sale taxes, as gas taxes, which are fair to all concerned.

I would say also that unless the Government does do something fundamental to change the thing that the foundations of our Government are absolutely in danger. The best that we can expect to do while we are building back to a sound foundation again, will be to help the farmer so unite in co-operative marketing organizations and pool his interest in larger selling organizations, that it will make it possible for him to get as large a proportion of the consumer's dollar as possible, and to just as rapidly adjust the prices of his products upward, as the buying power of the laboring and professional classes will permit.



I realize that with all the emergency programs that are being put on now, that to talk about things really fundamental, is distasteful to some people, because they seem to think that you are not in favor of the emergency program. I want to say that not only nothing fundamental has been done, but I believe all of these temporary programs are bound to fail in the long run, if we can judge by what has happened in the past. I believe it is absolutely necessary that something more be done than has ever been suggested as yet.

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CHAIRMAN HATCH: Mr. D. H. Kellogg Manager of Twin Ports Co-Operative has requested to be heard for a brief moment.

BY MR. D. H. KELLOGG.

Mr. Chairman, Members of the Triple A, and Ladies and Gentlemen: At a meeting of representatives of our association the day before yesterday there were two plans presented; the Administration Plan as you have heard it presented here, and the Brandt Plan, as has been presented at a number of meetings throughout the country. The membership of our association is unanimous in favor of the Brandt Plan. I was instructed to come down here and inform you of that action. Our membership is not in favor of a processing tax as a method of raising the price of butter.

I am very much surprised that at this meeting as yet there has not been any explanation of the Brandt Plan given. I expected that the Brandt Plan would be thoroughly discussed at this meeting.

It seems to me that before the dairymen of this country today there are being proposed two national plans, the

Administration Plan and the Brandt Plan. Yesterday I heard suggestions as to what could be done to benefit the dairy farmer, many of which I thoroughly agree with. But I believe that all of these suggestions either are incorporated in the Brandt Plan or could be incorporated. The demonstration that was carried on by the stabilization program of butterfat last fall I think was a clear demonstration or illustration that a plan as proposed by Mr. Brandt could be carried out.

I hope that before this meeting closed today that this Brandt Plan will be explained at this meeting.

I thank you.

(The Brandt Plan is by John Brandt of Land-o-Lakes).

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CHAIRMAN HATCH: A question has been sent up for Mr. Prosser to answer. Will you take time, Mr. Prosser, to answer the question?

MR. PROSSER: I will read the question; (As put to me by Mr. Weis) I will say that I do not know as I am -- in fact I know I am not familiar enough with the question to answer it intelligently. The question is: "If the market price on butter, the present market price on butter, is reduced by the amount of the tax, who pays the tax?" I think that if the price today is 24 cents Chicago, and if a processing tax of two cents goes on butter, that it is reduced to 22 cents, the farmer certainly pays the tax. But I do believe that unless something is done at the present time, that regardless of whether there is a processing tax or what is done, we are going to have lower prices for butter and cheese within



the next ninety days. (Applause).

CHAIRMAN HATCH: Mr. R. B. Page representing the Page Milk Company of Merrill, Wisconsin, has asked to be heard. Mr. Page.

MR. R. B. PAGE: Mr. Lauterbach and gentlemen; I come from a section in Wisconsin that has produced during the last three years, against the three years previously, about 75 per cent of the quantity of milk that we produced before. I am giving you this information before starting in so you can understand the shape that we are in in that section.

It was stated yesterday, and again this morning, that if cows were moved to the South it would only be a short period before they will disappear. I will take for example the State of Texas. Now we will all have to admit that Texas is in the South. When the figures are compiled for 1933 there is no question in my mind that the dairy production in Texas will show more than fifty million dollars in dairy production. Now the cow has not "disappeared" in Texas. It has continued to multiply. Our production in Wisconsin is something over one hundred million dollars.

I want to state that my family and I have farmed and managed farms in America for over three hundred years. It is my opinion that the farm can only be helped through the experience gained in what is known as The College of Hard Knocks.

Picking theories out of the air and developing them within an imaginary mine to fool the farmer has got to cease. The farmer has lived on political premises for

a number of years, and he has been so convinced that some morning he will be handed from somewhere an everlasting cure for his troubles. These thoughts have led him away from the natural laws that no man can change.

Natural law conditions can be met and their sting made lighter and the conditions made more satisfactory; but to believe in an absolute cure by management of the farm, with the addition to his tax burdens, is absolutely wrong. The surplus milk price in milk sheds sets the price for cheese and butter.

It was admitted yesterday <sup>by</sup> the the officials of the Government that we consume more dairy products in the United States than we produce. Past experience has shown that if the tariff is properly used, that dumping in this nation of foreign products can be stopped. Certainly with the American dollar worth but 59 cents in Europe, the tariff should be increased at least by 50 per cent, or they will get ready to dump on this market again as they have in the past.

Substitutes and articles of imitation should be taxed directly and to the point to stop their competitive growth by leaps and bounds. Had we used this known remedy any time during the last four years the dairy farmer would certainly not be in the position he is in today. The reason that it has not been used is only explained in that our nation is full of Internationalists who desire to build back the world and in thus doing if it is necessary to benefit Europe prior to receiving benefit here. It is all for the good of the cause and should be done. I am opposed to this kind of method.



The plan and policy of the officials at Washington, if any help is had, will only be gained by the surplus producing farmer in the milk shed city territories, and by the farmer that by past experience has increased the producing qualities of his herd and maintained by his financial ability to feed for full protection or full production. The other 90% of the farmers would be penalized.

The best that the plan would do for the farmer providing there is no operating expense charge to the farmer is to take the money out of one pocket and put it in the other -- a sort of sleight-of-hand performance.

The Government should help the farmer on Bang's disease; cattles testing to locate boarder cows and have them removed. Sires should be raised only from high-producing dams.

I say to you: America for America first. It is now suggested in Washington in order to help Russia that we spend a million dollars to build an embassy. We should stop this spending of money in foreign countries. Please bear in mind, the farmer is the producer and the taxpayer. As taxes increase the farmers pay for them in the spread between what the consumer pays and what the farmer gets. The economy of Government will shorten and narrow this spread. The farmer may not know it, but every dollar of tax I pay in my business and every dollar of tax paid by the people with whom I do business, is paid by the farmer. It has always been this way.

If the stopping of importation of dairy products will not put the price of dairy products up, then by the same token the killing of cattle will not put dairy prices

up. Both will eliminate the surplus; one by the destruction of God-given property, and the other in a common sense way.

Which is your way?

Before closing, I desire to state: The farmer made this nation. Business followed the farmer. This nation will go on with the farmer. If the farmer falls, this nation falls!

The farmer was first. The farmer built the nation. Where there are no farmers there is no business. If the farmer does not prosper the nation cannot prosper.

I thank you.

(Applause).

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CHAIRMAN HATCH: It is almost 12 o'clock. We are going to try to close promptly at 12. But prior to that time I want to present to you a man who brings for the purpose of record the result of a mass meeting held at Shawano by the Shawano County farmers on April 2nd. Mr. John Troll wants to present their resolution for the record. Mr. Troll.

BY MR. JOHN TROLL.

Mr. Chairman and Representatives of the Triple A: From the many thoughts that have been expressed here at this meeting we cannot help but gather that the dairy industry is in a chaotic condition; and to lead us out of this condition it perhaps takes more than the disorganized numbers of thoughts that have been expressed here.

I believe personally that perhaps nothing else but through cooperative effort and through orderly marketing is the dairy farmer or any other farmer ever able to lead himself out of the



chabbed condition that he is in today.

I wish to read the following resolution:

**"TO THE AGRICULTURAL ADJUSTMENT ADMINISTRATION:**

Be it hereby resolved by farmers and dairy plant representatives of Shawan County in session on this 2nd day of April, 1934, that we endorse in principle the program of the Administration to bring the production of dairy products under control.

We believe that the present number of dairy cows in the United States will prevent any rise in dairy prices sufficient to afford relief to the dairyman.

We believe that the cost of bringing butterfat under control should be borne by the dairy industry itself, and we therefore are willing to submit ourselves to a processing tax, believing that a small tax levied on all butterfat and substitutes will in a few months bring us a reward in higher prices, the processing tax to be gradually increased as consumption will warrant.

We endorse the program for the eradication of Bang's disease and T. B. with liberal indemnities for reactors.

We endorse also the use of Federal funds for the purchase of dairy products, to the end that every citizen otherwise unable to secure them may have all of these healthy goods that are needed.

We commend the tax on substitutes as a compensatory measure to protect the dairy industry, and urge that the Administration continue to safeguard our industry in every possible way.

We believe that the close relationship that exists between dairy cattle numbers and beef cattle numbers, that in the control of cow numbers both industries be considered as one, in the levying of a processing tax on all beef, the proceeds of which will be used to pay co-operating producers for reducing cow numbers.

This we believe to be the effective way of controlling production of dairy products and stabilizing dairy prices and prices of dairy cows and calves.

In view of the serious drought that we have experienced for the past four years, we plead for a base consideration to compensate us for the forced reduction which we have had to take, to the end that our dairymen may have sufficient volume to meet their overhead and provide a livelihood for their families.

Approved by the assemblage and respectfully submitted by its duly authorized committee:

John M. Troll

Otto J. Kereing

Otto Dallmann."

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( Mr. Weis hands up the question: How many farmers attended the mass meeting at Shawano.) (Handed up during the reading by Mr. Troll).

MR. TROLL: I might want to add this: In that area of drought we have been forced to reduce butter production all the way from 25 to 50 per cent, and in that way I



think we have contributed considerable, not only by the contributing factor of low dairy prices, but also by the conditions over which we have had no immediate control, to such an extent that those of you who have not been affected by this drought have actually been benefitted by our low producing farms up north.

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CHAIRMAN HATCH: Now it is 12 o'clock and we are going to adjourn. We are going to start promptly at 1:30. You are adjourned until 1:30 p.m.

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Whereupon an adjournment was taken until 1:30 o'clock p.m.

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PROCEEDINGS OF THURSDAY P.M.

April 5, 1934.

1:30 o'clock p.m.

(Meeting called to order by Chairman K. L. Hatch).

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CHAIRMAN HATCH: Mr. Lauterbach, do you wish to take some questions and answers to start out with?

MR. LAUTERBACH: Yes.

Chairman Hatch: Mr. Lauterbach has consented to start in for this first five minutes in giving attention to questions. They are bulking so large here it looks to me as though WE ARE GOING TO HAVE DIFFICULTY IN GETTING THEM all answered, but we are going to do the best we can.

We are going to ask the speakers this afternoon to have in mind the fact that there are a lot of people yet who want to be heard. I am afraid that the time is going to be limited. Now Mr. Lauterbach are you going to put any limitations on the time this afternoon? Are you fixing any regular hours for this hearing?

MR. LAUTERBACH: I think we should be through by 4 o'clock.

CHAIRMAN HATCH: His answer is that we should be through by 4 o'clock.

MR. LAUTERBACH: Here is the first question: "Did not the cheese boards drop the price of cheese to an all-time low at close of National Cheese Week after a large per cent. of so-called surplus had been removed?" (Andrew Lewis).

That is a very good question. I at that time was manager of the National Cheese Producers Federation, and when the prices dropped I think we had two and a half million pounds



of cheese on hand; so that if other men are in the same position, I think this friend of ours here was misinformed.

Question: "Mr. Chairman: In case there are not many remarks from Jackson County and there is time available I would like to say a few words this afternoon. I will try to speak to you before lunch." (Ray W. Hurlburt, Black River Falls, Wis).

Well now that is not a question; that is a request from the chairman.

Question: "If the Government takes a tax of five cents per pound for fat, we might as well let things as they are. Are we U. S. farmers to have our cows killed on account of abertion or T. B. and let them import some butter and cheese from cows that have not been tested? Wouldn't there be a way to induce or compel restaurants and hotels to increase the size piece of butter they give?"

(Applause).

MR. LAUTERBACH: I absolutely agree, we ought to get the hotels to give us bigger pieces of butter; I mean, good butter.

Question: "If we accept the Federal Government's dairy reduction program and succeed in substantially raising prices, what guarantee will the Government give us that we, the dairymen, should profit by same, and not the foreign countries who send us their surplus dairy products, or the oleomargarine manufacturer?" (By Committee of Town of Springdale, Dane County, Wisconsin).

MR. LAUTERBACH: As I can see it, that is the same old question that continuously keeps popping up; and I person-

ally wish that dairymen were well enough organized and had enough power so that they could go down there and get the kind of legislation that would relieve us from that question.

(Applause).

MR. LAUTERBACH: I am going to tell you right now that the dairy farmers of the United States have got to become better organized than they are now, if you are going to put over that kind of a program.

Question: "Why has the State of Wisconsin got a law forbidding tavern keepers to give away cheese with free lunch?" (Henry Danes, New Holstein, Wis.)

I can't answer it. (Laughter).

Question: "Cannot the manufacture of oleo be taxed or forbidden in this country without breaking the Philippine treaty?"

I think that the individual states have authority to put a tax on oleo. What have you got here in Wisconsin: Ten cents? There is very little of it sold in this state; but I can find out. That would probably tend to eliminate a lot of that kind of competition.

Question: "How much per pound is the tax on oleo in Wisconsin?"

I think it is ten cents.

Question: "How does it compare with the tax in other states?"

I do not know whether there are any states that have a higher tax than Wisconsin. It seems to me somebody said one state had a fifteen cent tax.

(Member of the audience: The State of Washington).



MR. LAUTERBACH: The State of Washington. (Applause).

Question: "Why not a tax in all states as high as in Wisconsin? (Charles Kolka, dairy farmer).

THAT IS A GOOD QUESTION.

CHAIRMAN HATCH: That is all we have time for now.

Yesterday morning the hearing on the part of the producers was taken charge of by the representatives of the Wisconsin Dairymen's Association and groups allied with them. This afternoon it will be taken charge of by the Wisconsin Council of Agriculture of which Mr. Herman Ihde is President. I may add parenthetically that Mr. Herman Ihde is also Master of the Wisconsin State Grange. Now, Mr. Ihde, the hearing is yours. We will ask you and your speakers to be as concise and direct in their statements as possible, in order that we may get through in the allotted time. Mr. Ihde.

MR. HERMAN IHDE IN CHARGE.

MR. IHDE: Mr. Chairman, and Members of the Adjustment Administration, Ladies and Gentlemen;

I have before me a copy of the Dairy Plan which is up for hearing before this audience. Now we have had a good deal of discussion on the undesirability of adopting this plan. As far as the Council of Agriculture is concerned and the Wisconsin State Grange, we have had four sessions since I have been in Madison since the hearing began. And we have come to this conclusion: That we have no political axe to grind. We have waited for prosperity coming around the corner. We have been unable as farmers in the State of Wisconsin and I think over the nation to correlate our efforts on one single program.

We are just wondering, if the sentiment is really the way it has been expressed by many of the speakers, whither we are drifting.

We are today paying our contribution to the cotton farmer, because every time you go into a store you pay more for your cotton goods. We are contributing to the wheat farmers' processing tax, his program, because every time that you buy a bag of flour you are contributing towards his fund. We are contributing to the corn farmer, because every time that you are buying corn, or corn products, you are contributing to his program. And we will contribute to the hog program, which probably is operating much more efficiently in Iowa and Illinois and Nebraska than in the regular corn and hog states. That is where the program had to be adopted for there is where the major part of the industry lines.

You take it in Wisconsin, I am satisfied in my own mind, when we went to Des Moines, that we could not get a program that would fit -- in to Iowa and Illinois and Nebraska -- that would fit in as successfully in Wisconsin; taking it for granted, as one of the speakers said yesterday, that we were paying the processing tax on those adjustment projects that were in operation; and that we were getting nothing out of it if we adopted the program that is submitted for the dairy industry in the United States by the Agricultural Adjustment Administration.

If, as this speaker stated, we are contributing towards the processing tax on cotton, and the consumer buys it; on wheat, and the consumer buys it; on hogs, and the consumer buys it; we are all paying it -- we are the consumers -- if



we buy it, I can't see for the world of me why the consumers wouldn't want to accept our program, or they would always have to pay towards our major project in the State of Wisconsin, the dairy interests. (Applause).

I expect to get recognition here today for this group, as well as we recognized those groups that spoke yesterday. We did not disturb anybody when they were speaking, and I noticed just now a heard a "bee". I think it shows a good deal of disrespect. Now let us be quiet, and let us not be antagonistic to anybody; and I will say this much; Let us present our figures, and see just how this thing stands.

The Council of Agriculture, not quite unanimously, but nearly unaimously, were in favor of trying out the program as submitted, providing that we ask for a resolution, which will be submitted a little later on, asking the Adjustment Administration to call in representatives of every dairy group in the United States, and if necessary lock them in, put them under lock and key with the Administration, and if they are disposed to administer this act, or not, let them formulate a program that will be satisfactory to practically every dairy farmer in the United States, or nearly so.

Now that will have submitted a little later by one speaker; but I am just mentioning that we do think something should be offered, and I think that we all ought to be willing to get back of it.

Now in regard to this program; Under the Administration Act, we either accept this program with the processing tax or accept no program at all. We are contributing towards every

program that has been put into operation, and you can't deny it. It has been admitted right on this platform that we contribute. Now if the consumer is contributing towards those that are in operation, show me why the consumer would not be willing to contribute a like amount to the dairy program that we are trying to put into operation? If we could get by without contribution to other, it would be fine of course. If we were not in the present situation it would be fine; we would all be free. But I can assure you that if the dairy industry wishes to continue and drag along without a planned program, then I am just sorry for the dairy industry in the whole United States. And when it comes to surplus, Man Alive! we could increase our surplus twenty per cent inside of two weeks if we had thirty or thirty-five cent butter, because there isn't a dairy farmer that is feeding all that he possibly can feed at the present time in order to get full production.

Now there is a surplus in this country, and I know it is a drag on the market, regardless of what any speaker will tell you. You know it yourself. And if you just go down and think about it, in your own home town, the thing that we want to do is this: We do believe that in the dairy industry, as well as any other industry, that we have time in the industry that we never put in the industry, because all they care for is quantity, rather than quality. And if we are going to put it over and figure on taking care of it with an advertising program, we must figure that we have to eliminate some of our producers that don't want to produce quality, in order to make that program function.



I am satisfied, and practically every member of the Council knows of Agriculture knows that there is overproduction, and that we do need a planned program for agriculture. We have tried it in group actions; we have tried it through co-operatives; we have had people that fought for co-operatives to come into existence in the community. I believe in co-operative methods as the final solution. But under the present circumstances I am satisfied that we must put in a temporary program, so that we may be in position to develop our cooperative effort as it should be developed; because a co-operative is not developed in one and two years. It is developed in a long-time struggle; and some of the people that today feel that we mustn't get back of this program, I am just wondering -- I wouldn't say that they have not been co-operative, but I would say this much, that it looks as if it tinges a little bit with politics.

Now I will just go over a few of these items. Here is the average reduction. -- I am satisfied that if a committee were to go to Washington and set up the final program to be submitted to the farmers of the nation, that they would take into consideration the drought section, and where the production was abnormal, and adjust these differences, which would not be more than right, whether it was on a five-year period, whether it was on the most production year and the lowest production year, in consideration a year average -- I am sure that this administration, outside of administering the Act, ought to have confidence in them, that they would be willing to adjust these differences.

Now I think I have explained to you that it has been admitted that the consumer pays a good share of the tax. I don't think anybody denies it. Now they pay it on the cotton, which at that time they stated too that the producer would pay it, but we are all paying for it; every one that buys cotton. And why shouldn't it re-act the same way on the dairy industry as a whole? There is no excuse for it; because that is the way it is all the way through.

Now we are in favor of relief distribution, and all relief agencies. And we are in favor of many of these measures; T. B. eradication. I do not think that we can afford to refuse to cooperate with this kind of a program, especially if they will come out here and help us develop this program, and let this be the fund. I feel that this is the fund for us to work on.

We have developed a good many co-ops, a good many organizations, and as we went along we had to correct some things that were not right. This is the same thing. This is a big prepositional. And the most that I have heard here was lambasting these people that have submitted this program; the lambasting of the Administration. I will say, let us get back of the Administration, and show ourselves to be at least citizens; that when we are contributing to another cause, to another group of people, as the cotton, and the wheat and those people, that we also should expect that they will help pay that processing tax; that they will co-operate with us, and the consumer will help pay that processing tax; and we should not have any threat in our voices and say that the consumer will not pay it. The consumer will pay it



in that as well as we are paying it in the other.

(Applause).

I do not expect to take a great deal of time at this time, but we have several speakers that are going to follow up this program which I have just opened up.

So the best thought of the Council of Agriculture that they could submit is that we could at least try out and offer something to this group of people that are trying to administer the Act or trying to formulate a program, to help them formulate that program.

As far as my own organization is concerned, many of our people, I have been delegated by the State Grange, at the session of the State Grange of Wisconsin, to stand back of the National Administration on any bill that looks sound; and I am satisfied that this program does look sound here, and that we cannot afford to turn it down, when we are already paying tribute to the others that have a different problem.

Now at this time we are going to discuss what will be the price if we do not have a program. By Max Leopold. I am pleased to introduce to you Max Leopold, member of the Governor's dairy committee, a member of the Farm Bureau, and a very conscientious farmer in the State of Wisconsin.

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ADDRESS BY MAX LEOPOLD. (Arpin, Wis.)

What is going to be the Price, if we Do Not  
Have a Program?

MAX LEOPOLD: The question that I am to discuss today

what is going to happen next month if we here decide today that we do not need any program at all?

Now, yesterday afternoon, I want to say to start with, before any questions are going to be asked -- There was a member of the Farm Bureau, at our annual meeting held in Fort Atkinson, a resolution was adopted by the membership and the delegates instructed the board of directors, or they have instructed the National Agricultural Adjustment Administration and instructed the board of directors to do all in their power to bring a dairy production program for the farmers of Wisconsin through any medium that the Administration is going to bring forth.

I have not canvassed any individual members from any county of the state, if we are going to decide whether we come in or not. I am just merely putting down before you here the thought that each man should say, before each man starts, who he is talking for.

And another thing I want you to know from the start, that when I talk here I am going to color a hog the way I believe in my heart. There is no use you fooling yourself any other way. And I want you to be honest, and I want to be honest. I want you to see it in that way. I respect every man that has given his honest opinion. I believe he has expressed his honest opinion on the whole program. No question about that in anybody's mind. (applause)

And I believe also that from these discussions some united effort will develop and that before we go away at four o'clock some form of A program -- that is like Mr. Lauterbach says, "we want A program" -- will be developed. You don't understand and I don't understand that this is a



program that the Agricultural Administration is trying to foster on us. He said plainly that he would like to have a co-ordinating committee of dairymen from the United States work with him as a dairy specialist, as the chief of that department, to formulate a program, and that is going to be the program.

My own experience of the Agricultural Administration-- I have been twice in Washington, and I know personally that the processing tax is not the cure-all for agriculture in America, no more than it is the cure-all for the dairy industry. But the question I want to bring out today; What are we going to do next month? What is the cheese market going to do tomorrow? I am interested in that question; and not whether I am going to get all that I am entitled to. And this is the point that I look at, and from that point, from that standpoint, my talk is going to be colored, and I want you to know it so there isn't going to be any question about the things that I am going to bring out here today.

And I will say another thing. Yesterday afternoon -- these of you men who know me, and a lot of men know me -- to me it looked like in regard to the United States congress; everyone of the speakers happened to be on the republican side, lambasting the administration; and I was wondering: Where are the democrats of Wisconsin? That is the situation it looked to me. And I will justify it, because in the criticism nothing exceptional was placed upon it.

Then what the administration is willing to do, providing A program is established? I am not going to discuss the

economist's figures. I haven't had the chance and the privilege to go to a higher school than the fourth grades in the old country. I am not intelligent enough to go up against his figures. I am afraid I am going to be lost connected with those. So I am not going to claim that the economist's figure of 80 billion is right, or that 27 billion is right, but what I am going by is forty-four and a half butter fat in 1926 was a whole lot more than 26 butter fat in 1931. And I wonder how many of you feel the same way about it? (Applause)

I am not going to argue with any of those figures, but you can read the figures the way you want to. You know, those figures can't talk back to you. Suppose they could! Just imagine that those figures could talk back to the man that figures. Maybe he stole his figures. A lot of fellows can figure. But what do you blame the figures? (Laughter)

I am just going to take the words of the Agricultural Administration as they put them in their summary. They say that we are going to reduce ten per cent of all the milk and butterfat, that that will reduce to three hundred and thirty million butter fat at the ten per cent. Then they say if we are willing to do that they are going to help from funds, not from the processing tax, but will spend five million dollars to help pull out or cull out 600,000 cows and throw into tannage. If the figure was right, that will mean about 75 million pounds of butter. That doesn't mean that after you reduce ten per cent that you have got to take out your cow that has T.B. and reduce 12 per cent, but it is out of that total.

Then the administration says we are going to do some



more. We are going to try to take 500,000 cows and send them to those farmers who haven't got any cows, and not let some cattle jockeys come around to your town and buy them. We are going to buy them and pay the farmer a fair price; so that if you have to reduce an amount of pounds you are getting a fair price for your cows, and other buyers use the same figure, forty billion; and that is true. I am just helping to place the figures as I think they are.

Then the administration says another thing; that we are going to try and spend five million dollars, with the co-operation of each state, to help start a campaign to clean up Bang's disease. If we slaughter we are willing to pay the farmer a fair price I know in 1922 when my neighbors sold their cows to the Government on T. B. they got more money than they could sell them to the jockey when the jockeys ~~are~~ would all get together and buy them.

So when you look at the thing from a different standpoint you can fix the thing entirely different.

But I want you to carry in your mind the statement that I said I personally couldn't favor any processing tax. But what have we got something else?

When we were down on the 17th day of August in Washington one of the dairy groups in co-operation with the Food Governors pleaded with the Secretary to set up a thirty million dollar fund, and that the co-operatives or the industry would be willing to take any loss, if there is any loss, so that they could regulate the flow properly or just as nearly as they can, under the law. And Secretary Wallace has agreed and made a statement, when he was asked

where are you going to get this thirty million dollars if you did declare a processing tax, he said No. Well, the law reads that way; and Secretary Wallace had to go back.

Men, we got to be with our feet on the ground and our ear open, and read the law as it is. There aint no other way about it. So I am not going to dispute with the economists and with the figures at all.

The question I want to bring out to you here: Do we need a program, especially in Wisconsin?

Last Thursday when I was invited by the Dairymen's Association, I told them at that time that in this question of processing tax or programs each state will vote according to percentages, not of feelings, that they are sorry for the farmer of Wisconsin; not the feeling that the people in Montana expect to pay for the benefit of Wisconsin, but the question they will ask: Is it going to affect the pocket-book? Let us not be foolish and feel any other way. Because the question that Wisconsin has to settle is different from Montana. We will think as Wisconsin, and not as Montana.

Our total income from dairy products in the State of Wisconsin is over 50 per cent. And therefore we must use our minds to think of over 50 per cent., not two per cent. like in Montana, or ten per cent. from another state.

We have a responsible duty to perform here before we leave, and we have to decide whether we want to accept this program or not. Do we need a program here today?

Now I have got some charts here to show you; and I want



you to see them, because seeing gets closer to the brain cells than a fellow talking sometimes, and I want to get people there, and no other place. I hope you all can see the charts.

Now remember, men, as I told you before, that 52 per cent actually is now the total income from dairying in Wisconsin; and think in those terms, and no other terms.

There is no man here that disputes the question that the farmer is entitled to his cost. I know there aren't any at all, but we want to get the facts and the figures.

Here is 1925 over there, based on 100 per cent. Here is our cows in numbers from our state. And in 1930 we had 2,615,000, 105 per cent as compared with 1,925,000 in 1929.

There is 1931, the fact that we get less for our milk. We have learned like the labor unions that when we get less for our milk we must work more hours. And in 1931 we jumped; and I don't blame any man here, because he needed to make his expenses. The average farmer has learned that he lives in a technical age. We can do with machinery a whole lot more than we could by hand. In 1931 we have increased that to 2,096,000, but in per cent, 109 per cent. -- Have you learned anything? No, we have increased our cows in 1932 to 2,150,000, or a per cent of 112! Do we need a program, in order to get or to be able to get what we are entitled to?

At the same time the United States record: There is 22,330,000. Here is 1930, 22,910,000. The United States

as a whole went only 2-1/2 per cent higher. But we in Wisconsin do better. We have better cows. They come in every year! (Laughter).

Now in 1931 the total population of cows was 23,576,000. The total for the United States jumped 105. But we still went ahead of them. We said we could do better. We got 109 per cent.

And there is 1932. The total amount for the United States 24,469,000, or 109-1/2 per cent. We haven't on that record of Wisconsin for 1934, but we have them for the United States, there is 26,062,000, or an increase of 16, 116 per cent, over that period. I want you to remember these figures. Do We Need A Plan?

Now I want to show you the second chart. What does this increase in cattle mean, not only from the stand-point of what it brought in in butterfat, but in price? Because my income, to remember, as a dairy farmer with 16 cows is for only on fifty or sixty per cent on the milk, but what we can sell from cows, what I can sell from stock.

In 1932 62,656,000, a per head average of \$26.62. The total value was \$1,667,000,000.

In 1933, remember the figures over there. We have more cows. We have 65,552,000, and the average per head was 19.95, or \$1,307,000,000.

In 1934 we have 67,352,000, and the average per head 18.28, or \$1,231,000,000. The changes in the situation where we sold 4,696,000 cows more, we dropped ahead to -8.34, we got a loss of \$436,000,000.



Do we need a program, ~~now~~? That is the question I want to put with you.

I have another thing there. Now when I speak about this chart, I don't want you to think it any other way at all that I can preach to any particular processing tax. Don't think that in your mind, because I am speaking my opinion. I told you before the way I am going to talk is I am going to color the speech the way I feel like; and facts are facts.

Here is grains, the commodity of grains. In 1932 brought \$322,000,000. In 1933 \$600,000,000. Or a change of 86 per cent. Did that purchasing power coming in to the farmer mean anything, or didn't it?

Take the cotton: In 1932 their total income was \$431,000,000, as opposed to 1933 of \$670,000,000, a 55 per cent increase. They wanted a program and they got it. Did it pay them, or didn't it?

Now we come to tobacco; I know when I speak on tobacco I am in kind of a different position, because our farmers don't auction their production every year, but they merchandise in an orderly way. Tobacco: \$111,000,000 in 1932, but \$180,000,000 in 1933, and increase of 50 per cent. Did it pay these farmers to have a program, or didn't it?

MR. PAUL WEIS: Why didn't you put the hogs on?

MR. LEOPOLD: There is no processing tax paid to the hogs yet.

MR. WEIS: Why didn't you give the increased number of persons born from that time to now?

CHAIRMAN HATCH: Just a minute. You can have questions afterwards.

MR. LEOPOLD: Now for the benefit payment that is going to be figured, but I don't want to figure that in. There is going to be more purchasing power. Now we take the Milk Pool. I don't mean the Milk Pool, but different milk products; it is all the same. It is all a milk pool. Total income for 1932, all the milk cows, was \$1,260,000,000. In 1933, with the increase as to the number of cows, \$1,250,000,000, a loss of one per cent! Do we need some Program for Ourselves!!

Now I am going to give you something more, and I got it printed special today. It is over there. You all see it. (Refers to large chart). Because these farmers have co-operatives, get a program. Who pays their processing tax? I am not in favor of it, but I have got to pay it whether I like it or not. Get that in figures. These are figures for February, 1933.

Wheat brought to the farmers in 1933 52.3 cts a bushel on the farm. And he was told that if he was going to go in on a program and pay thirty cents processing tax and what is going to be left to him is going to pay two cents, and for two cents they don't pay him at all. What is the fact? You men who have got chickens and got to feed them and go out and buy a bag of wheat, what are you paying for these men? And those of you who go out and buy flour?

Now that farmer on his farm in February 1934 got 72 cents. Did he pay the 30 cents, or did he collect 40



cents from me and take the processing tax out of it.

You take the cotton farmer. Who pays the processing tax? Cotton brought in February 1933 5.5, and in the same month of 1934 11.7 cents.

I want to tell you gentlemen that any one of these programs that these farmers have originally brought up before the administration and the programs adopted, they had to come together, and put them into one of these big boilers and soak them through and soften them up, like we will have to do here to get a program. I haven't got, like the man here yesterday, the "only" idea. I haven't the only one. But I am just going to give you these figures as facts.

Here is corn. You heard about it. I want to tell you, when I get through with corn, I am going to answer a question that Mr. Leuterbach to my mind kind of missed this morning. Last year we could buy corn in our town for 8.25 a ton. But buy it today, we have got to buy it because we can't raise it over there in Wood county, go and buy it today. In February the farmers' price was 45.6 cents. Did that program help him or did it not?

Now here is your hogs for you, and in 1933 they didn't have no processing tax. We didn't know a blamed thing about it at that time. The farmer averaged in 1933 2.90 a hundred for the month of February. He got 3.70 in 1934. Paul tells me they are lower today. I believe it. I have no question about it. We aren't going to argue about it at all.

MR. PAUL WEIS: Let me ask a question here?

MR. BEOPOLD: After I get through, Paul. I am willing to answer I believe any question, because I believe these men are sincere. But first, as I told you, we must get together to make a program. Don't accuse anybody that comes here, folks, and say that he talks just for his own personal benefit. They all mean well. And they wouldn't spend gas just to come down here and talk.

Now when we get to beef, no processing tax. Now I realize, I didn't have any idea how much money would come in to a farmer, some of the farmers, if this was put into effect, and I know this is the first time we ever had to talk about a contract. I know before we had the contract that I didn't believe the Town of Arpin would have one man sign a contract. And I know one fellow there, Ted Hansen, he says I don't want to have anything to do with it at all. But after while after we had figured it up this way and the other he came over one day and he said: "Max, have you got any contracts?" He said the farmer needs money and he will do it anyhow.

Now coming back to this problem: There is no processing tax. And I had some correspondence with one of our commissioners, I could give them to you, what were the dairy prices on the milk market, if the processing tax was a damage to those prices, because the farmer now, with the exception of getting 3.70, the consumer has got to pay *two* a quarter more; he gets it for some kind of benefit; but is there any processing tax? Why shouldn't it be back to five cents. Now when we come to corn, after the



farmers have agreed to a program -- after they agree to a program, then and then only did the secretary agree. They didn't have to have any contract signed yet, but they had agreed on it, then the Secretary agreed; I am <sup>not</sup> going to guarantee you 45 cents a bushel. Let's get a program first. Then we can force them to guarantee anything that we have is right, or that we think is right.

QUESTION: How about sheep?

MR. LEOPOLD: I haven't got any sheep.

I don't want to take too much time. But I want to make myself clear. Sometimes I have been abused. Sometimes people don't believe that I believe in their plans or in their opinions just as sincerely. Still I do. We may disagree as far as plans and programs, but personally I have got nothing against anybody in this audience or any other audience.

I have showed you here for your own consideration: Does it pay to have a program. I want you to think that matter over before you go home. Whether this program, or some other program; The administration, the man from Washington, says this is not a program, this is a hearing. What is it you want? I am glad that the Council of Agriculture was able to meet last night, until late in the night, and present to you men here a program for awhile that we can all agree on in principle; and then let's go down and be sure that Wisconsin is going out with some kind of a program so that we will have some stabilization factor back of the cheese price tomorrow and the week after. Because just as soon after we left Washington on August 17, when cheese had been to 17 cents, and we said we have

agreed on a program on cheese and butter, that was the factor that helped us to get that thing up to a price where we had a better income. But if we go home today without any resolution on some of these matters presented by the Administration it will be too bad.

And I want to tell you one thing: The National organization has not done anything toward or taken any part in this milk program. They realize that it is a state question; because a state is going to take part in it according to their interest in that question.

I want to thank you all for your patience. If there is any question, I am going to be here and give the other man a chance to show their view. I am not dodging any questions.

I never did.

I thank you all.

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MR. HERMAN DEDE: I am sure that we have all enjoyed and have profited by the talk that has been given to you by Mr. Leopold.

We have heard mention about a resolution, that we figure we might do something of value to develop a program for agriculture; and we will have that resolution presented by Thomas O'Connor at this time.

THOMAS O'CONNOR: Now Ladies and Gentlemen, I am not going to take up very much time in this talk; but as a director of the Council of Agriculture and State President of the Pure Milk Products organization I feel as though I am interested in what is being done. Now in Washington for the farmers of the State of Wisconsin I have always been ready to



-c co-operate with any of the administrators in any way; and I still feel the same. And I feel that it would be a disgrace to us leaders, I think, that there is many laymen now, from the conferences that we have had throughout the state here, and not been able to get together more than we have in the past, that we should at least accept this recommendation, so that if there is a program to be adopted, that the biggest dairy state in the United States have a hand in ~~it~~ writing the ticket, and not let somebody else have the whole thing.

Now here is what the resolution reads:

"We believe that this assembly should request that the A. A. A. select a committee of from 20 to 30 dairymen representing the different dairy sections of the United States from nominees of the Dairy Industry Correlating Committee, who shall meet in Washington, D. C. help make and approve a final draft for the dairy program under the A.A.A."

Thank you.

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MR. HERMAN IDEE: Ladies and <sup>G</sup>entlemen: This is a tentative resolution. We say: From 20 to 30. If the industry requires it we would be glad to accept 30 or 40. But the main part of it is, and our idea is that if we are going to get anywheres with the dairy program or try to develop a program that will be satisfactory at all, it will necessarily be done by the groups that are directly interested in the various dairy products, whether it is butter, cheese or fluid milk or any other different product that is being produced. And unless we take some initiative along that line in making recommendations of the program

that is submitted to it, it is just going to be too bad; and I believe this is a wonderful recommendation and it ought to be acted upon by this assembly before it closes.

Now we have another speaker here who will discuss with you the question of: "Will the Farmers Accept the Dairy Program that is Submitted to them Here?" Mr. Ed Malcheski. He is a member of the Council.

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ADDRESS BY MR. ED MALCHESKI, Pulaski, Wis.

Ladies and Gentlemen; I didn't think I would have to come up here today, because you know I blowed off last thing last night, and I thought that would end it. But they insisted I come over here and talk on that subject, and that is why I am here.

In the first place I want to tell you that the question was raised here that each man should tell who he is representing. I want to tell you that although I am President of our Local member and president of our shipping association which has 285 contract members, we didn't hold no meeting on this. I can't represent them directly, but I want to tell you that next Tuesday we have our meeting, and I go back home and defend what I did say here today; and so far I have been doing that for many years. And I have been backed up from 90 to 100 per cent on any subject that I have so far backed.

And I want to tell you that I am here, although I am only a farmer, but I am also a cheese-maker. And it may be queer for you to think that the farmers of our neighborhood



would have to send a cheesemaker here to represent them, as some of them in the audience figure me. But the reason the farmers sent me here, I believe, is that they know that when I come down here I am not representing the cheesemaker but I am representing ~~myself~~ the men that sent me here.

And I want to tell you, on this processing tax alone, I will take my own cheese factory, which has two million pounds, that is, about 1,900,000 pounds ordinary run from it, and I believe that I can get every farmer of mine to come under the 15 per cent reduction. And that is going to cost me about \$300 out of my own pocket. It will be a loss. And if a man is speaking where the shoe pinches him, he ought to be against the processing tax. But I tell you the reason I am not; I told you I represent the farmers, and after I figured it out what my farmers will get out of that program, they will get \$4,080; and I think that it is easier, and it is just as well for me, for the benefit of my farmers who have been with me now for eighteen years, to sacrifice my \$300 on if I can do them some good.

I want to tell you I have figured it down to dollars and cents. My biggest patron would get back \$475, less the administration, which I don't think should be more than \$20 on that. I don't think it should be over five per cent. The lowest farmer would get \$84.

Now my subject here is: Will the Dairy Farmer Accept that Program? I am going to tell you that the men that are going to be in the field to present this plan to the farmer of Wisconsin, that he is going to accept it!

I want to just refer you back to a few weeks ago when the corn-hog program was out. When we had our first meeting in our territory I happened to be out here to a meeting at Madison and I could not attend. Most of my farmers attended it. When I came back from here, out of 24 farmers there were three of them said they guessed they would go in and the rest said they wouldn't, it was a humbug. After I gave some thought I went out and saw every one of them farmers that were not willing to sign, and I want to tell you out of the 24 we signed up twenty of them under the corn-hog contract; two that had no hogs at all, that couldn't come in, so they couldn't take them in, and the other two couldn't come in.

Because I believe that as to this program, whether this is right or wrong, but so far as selling it to the farmers of Wisconsin, we can do it, providing it is presented to them in the right manner, and show them in dollars and cents, because it isn't all of this amount of money that they will get at this time, but it is like Mr. Leopold said here, what are we going to do tomorrow? I am worried about that, because as a cheesemaker, and having spent a whole year on the Plymouth Board trying to scrap that institution a long time ago, because it isn't a competitive market. I believe that in this set-up one of the reservations is that we create a stabilization corporation. That is one of the Council's programs, in order to not allow any couple of men go down and crash that market at will; and I think that that alone is going to save the farmers, not that



\$400 that my biggest farmer will get, but I believe that they will run in a whole lot more money than that.

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{A portion of the balance of this address, having somewhat to do with personal comments on certain persons present at this meeting, is omitted, at the request and direction of the Chairman).

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MR. MALCHESKI: In conclusion I want to say that I believe if it isn't this kind of a program, that we should not go away from this room until we decide on something definite.

I thank you.

(Applause).

MR. HERMAN IHDE: I think you will all agree with me that Ed. Malcheski is a progressive farmer, and is a real fighter, and a really honest farmer and cheesemaker.

Now we have another member on the program and his subject is: "Who pays the Processing Tax?" Who pays the processing tax? This question will be discussed by C. G. Huppert, Secretary of the State Farm Bureau Federation and a member of the Grange. Mr. Huppert.

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ADDRESS BY MR. C. G. HUPPERT.

" WHO PAYS THE PROCESSING TAX?"

Ladies and Gentlemen: My first job is to present a statement authorized by our organization. Anticipating the request of Mr. Weis made this morning, this statement I have to make was in my portfolio when he made the request. This statement is authorized by the executive committee of our organ-

ization.

WISCONSIN FARM BUREAU FEDERATION.

Before the  
Regional Dairy Conference  
of the  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
Madison, Wisconsin,  
April 4-5, 1934.

The purpose of the Agricultural Adjustment Act is "to relieve the existing national economic emergency by increasing agricultural purchasing power." Such increased purchasing power is to be obtained or accomplished by effectively carrying out THE POLICY ESTABLISHED BY CONGRESS "to establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period of 1909 to 1914."

BY AUTHORITY of and acting under the instructions of the membership of the Wisconsin Farm Bureau Federation given at the last annual meeting held at Fort Atkinson, Wisconsin, November 23, 1933, as expressed through resolution, which I quote:

"Be it Resolved that the Wisconsin Farm Bureau Federation continue in the service of agriculture in its aim to regain and maintain an effective balance in the



economic field, exhausting all constructive powers it has within the scope of an orderly program" and "that it . . . wholeheartedly support the Federal Government in the enforcement of the Agricultural Adjustment Act . . . and its efforts to raise the price of farm products and extend this gain to those who have as yet felt no benefit,"

the executive board has issued the following statement of The Position of the Wisconsin Farm Bureau Federation:

We approve the dairy adjustment program announced by Administrator Chester C. Davis March 21, 1934. We urge that the program be put into effect immediately, and recommend that members of the Farm Bureau, and all other farmers of Wisconsin, give the plan and the Administration their full cooperation and constructive support. It is our desire that administrative details be kept as simple as possible and we reserve the privilege at all times to suggest and request such changes in policy or matters of administration, as experience will indicate are necessary and advisable.

Our support is based on the belief that the program which is suggested

(a) Will make dairying relatively more profitable to established dairymen who cooperate in the adjustment program,

(b) Will bring about a positive check, if not an actual decrease in the sales of milk from the farm,

(c) Will tend to discourage, rather than encourage, farmers engaged in other types of farming from becoming major dairy men, and that the voluntary features of the plan

permits the farmer to accept or reject the application of the program to his own farming business, as well as allowing him to use his own discretion as to methods of accomplishing the required reduction.

Such voluntary privileges are much more agreeable to the farmer and also more desirable, at the present time, than any attempt at compulsion or regimentation.

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MR. C. G. HUPPERT (Continuing) Mr. Leopold made a statement regarding who pays the processing tax. I want to supplement that with perhaps placing a more liberal interpretation on the figures that have been placed on that blackboard for the past 24 hours.

The average farmer in Wisconsin produces approximately 3,000 pounds of fat in normal times. We will talk about this on the basis of one thousand pounds of fat. It will be a little easier, and you as an individual farmer can apply it to your own farm in a proportionate way.

They suggest that if you make a 15 per cent reduction from 1,000 pounds, the reduction will be 150 pounds. For that 150 pounds you would receive approximately 40 cents per pound, or \$60.

I want to explain that "approximately" just a little later. For the time being we will let it rest. For the balance of the production he will receive on the basis of 1933 average cost of butter on the farm, approximately 21 cents a pound, or \$178.50. Combining these two figures we are told that that farmer would receive from his benefits



and what he solds his products for \$238.50.

If he had no reduction program he would receive, using the same per pound figure 21 into 1,000, or \$210. On that basis he would obtain a figure of \$28.50 difference.

Now the statement was made that he also would pay five cents per pound on the remaining figure of 850 pounds at five cents, or \$42.50, would be the processing tax he would pay. If that was the case, and he received only \$38.50 in addition to what he would without a program, then he would be in the hole this nice big round sum of \$14.

My position is that these figures are false. They are NOT true. Under the plan as submitted in this illustration -- and these figures were supposed to apply to that plan, the average reduction ---

(Interruption by applause).

(Continuing) the average reduction is to be none under the low equal level, our present volume of production, but ten per cent reduction below the high average volume of 1932-1933. So that a farmer having normal production of 1,000 pounds during the past three months has reduced that production 6 per cent according to the Department figures, under the production of last year.

So he would produce at the present time only 940 pounds of fat. Now because his contract would require him to ~~prax~~ reduce 15 per cent, we will say, under the normal 1,000, he would cut it down to 850 pounds. As he has in this case. And we see, therefore, that 21 cents per pound is \$178.50.

Now he would receive according to his contract and

according to the reduction only under the normal level of production the same amount of benefit payments, which would be \$60. The same figure you have over there. But because he has only produced 940 pounds of fat at 21 cents, he would be getting on the market only \$197.40; and the difference would be \$41.10.

In other words, we have not quite read the statements and the program as we might read it. Instead of paying this \$14 loss, the difference between \$42.10, or \$41.10, would be the loss. If we accepted that method, that statement, that there would be no loss. And as I say, I do not accept that statement. Because the processing tax in my judgment will only be paid when there is -- a processing tax is only paid by the producers when there is a buyer's market, and would be paid by the consumer when there was a producer's market. Now I mean by a producer's market that the condition of the market when the producer can ask more for his products and get them. Because the condition of the market will permit it to be done, leaving out the manipulation of markets.

Therefore, I say that the processing tax will not be paid by the producer. And I am going along with the statement made yesterday that the farmer of Wisconsin has paid the processing tax on cotton, is paying it on wheat, and is paying it on the corn-hog. Therefore I draw that conclusion. -- Did I say the farmer was paying the processing tax?? The consumer is paying the processing tax on cotton; and, as the consumer, the Wisconsin farmers is



paying it. (Applause).

And the consumer of wheat products, he is paying the processing tax on wheat; and as the consumer of pork products and corn products he is paying it on corn and pork.

There is no reason why the consumer, therefore, would not pay the processing tax on dairy products, if he also pays it on the other products. And so I maintain that he will not pay the processing tax. In that event practically all the benefit payments that he would receive from the operation of his contract would be to his credit.

I also want to correct this other little thing; then I am through. It was stated yesterday that two cents of that five cents processing tax would be used up in collections. That is not true. I have with me a definite statement of the Agricultural Adjustment Administration as issued in their report. There is no figure there showing the cost of collection of those processing taxes or of that processing tax; because that processing tax is collected by the internal revenue bureau and is turned over to the treasurer and then to the Agricultural Adjustment Administration. The only cost which would come out of the benefit payments that the farmer would receive would be the cost of administration in the county, and judging from figures that are available in the corn-hog program it will amount to from three to five per cent, and that comes out of the two cents per pound, which is not 40 per cent of the revenue from the processing tax as the statement was made yesterday.

One other reason why this 14 figure or this figure over here is not correct. That is, the statement itself shows that at first the processing tax would be only one cent per pound, and gradually goes up. This is based on an assumption that the processing tax would be five cents a pound throughout the entire year.

I want to thank you people for your courtesy.

(Applause).

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CHAIRMAN HATCH: The Chair wants to make a correction in the record. It is expected that everybody connected with the industry, in whatever capacity, has a right to be heard. Therefore, remarks directed by a previous speaker to two individuals in the audience that were entirely of a personal character should be stricken from the records, and I am asking the Reporter to do that.

(Remarks are previous expunged from the record by the Reporter, and do not appear in the record).

CHAIRMAN HATCH: I refer to Mr. Malcheski.

Now, Ladies and Gentlemen, we have presented this program, and Mr. Ihde has a few words to say in closing this portion of it.

MR. HERMAN IHDE: Now Ladies and Gentlemen, I think this resolution last offered is very essential if we are going to get anywhere. I do believe that at least most of our speakers have made themselves very plain in trying to bring home to you that we ought to agree on some plan of agriculture; and I believe that this is about the only way that we can



get anywheres, if we will get together back of this plan and form that foundation.

I have another friend of mine to introduce to you at this time by the name, ~~Mr. Kenneth Hones~~ of Kenneth Hones, President of the Wisconsin Coöperative and Educational Farmers Union.

ADDRESS BY MR. KENNETH HONES.

MR. CHAIRMAN, Members of the Agricultural Administration and Friends:

I belong to that long-horned organization known as The Farmers Union. I am put in kind of an embarrassing position here today. I could stand up here before you today, if you so want me to, and say the same thing that has gone on here for two days; and I can give you a hell-raising speech if you want me to. And I can take the hideaw off of any of the boys that you want me to take them off of; and I can do it to perfection. I hav probably have gone up and down this state, in the Farmers Union and the Holiday Association a little earlier in the game, ~~was~~ raising as much hell as anybody in the State of Wisconsin has raised. And I can do it today. I haven't forgotten the lesson at all.

But Friends, the dairy farmer of America is on trial today, and is going to be for the next ten or twelve days. And I think this is too serious a time in the minds of safe and sane-thinking people of this country to deviate their mind one particle from the fundamental things that are confronting us today. And if we are going to sink so low in

a program of this kind as to let personality, individualism and private business interests interfere with our welfare, we are not leaders of the farmers of this country!

(Applause).

I have been told by some people in this audience -- (and I am going to make it plain -- because I am plain; I think what I say and say what I think, and the chips can fall where they may!) I have been told by some people in this audience that some people here are going to "take me on" after I get through, because I am not going to represent the farmers' union membership. They claim they have polled my membership here and my Board of Directors, and my Board are not in accord and agreement with the statements I am going to make! That is my funeral; none of your funerals.

I was elected by the membership of the Farmers Union of the State of Wisconsin to serve them until the next convention. If in my capacity my thinking-judgment is not correct, the delegates to the next convention will throw me out. And I don't propose to "take it" from anybody in this meeting! I want to make my position clear before I start!

(Applause).

I don't give a whoop what President Roosevelt or President Hoover think, in office at Washington. I don't care whether Phil LaFollette or Governor Schmedemann is over here on the hill. I don't care who is in the Department of Markets, one way or the other! They are hired men, working for the people who put them in office perhaps. But I am



not going to ask them to change for me what is right in my judgment. If my judgment is not right, then it is up to somebody else to change my attitude.

Now this winter at a meeting of the farmers I was chosen to go to Washington and spend two weeks there. I was gone away from home practically a month, and spent part of my time for the Land-O-Lakes and the rest of the time I spent in this business here down in Washington. Our good friend Mr. Lauterbach wasn't there at the time, but nevertheless I spent some time with the boys in charge of that Department. I have had my rows, and I have had my criticisms, but I put them in the place where they belong, and on the people to whom they belong. And this afternoon for the few minutes that have been allotted to me I am going to give you, if you want to listen to me, my own personal ideas on some of these things. I think I have a percentage of the membership that are going with me. I can't please my entire membership. I don't know who could. Neither can you. And if anybody gets up here and says he represents the attitude of his county, I want to take him on. I don't think it is so. And it is up to me as a leader of the Farmers Union, when I have determined what is a sane and safe program for my dairymen, from every angle, to go out and sell it to my membership. They have not studied the question. I have tried to. If I have made a failure of it, that is my fault too. So as far as my representing the full attitude of the Farmers Union Organization, or any one of my state board, I am not going to assume that

responsibility today. When we have our Board meeting, if the Board denounces what attitude I take today, it is perfectly up to them to do so.

As I suggested, I was chairman of that dairy committee that went to Washington.

The Board of Directors of the Farmers Union, Wisconsin Division have gone on record supporting the administration in its efforts to inaugurate a dairy program and has instructed the officers to act accordingly. This is what I have been engaged in for quite some time.

Immediately after President Roosevelt took his oath of office a special session of congress was called for the purpose of enacting legislation to meet an emergency and to provide the necessary legal machinery and money to place agriculture on a parity with industry.

Congress passed what is now known as the Agricultural Adjustment Act. There were 84 amendments to this bill proposed in the Senate before the bill became law. Whether the law is adequate or not, congress passed it, and the president signed it. It then became the duty of the Department of Agriculture to interpret and administer the act. This became the rules of the game for agriculture.

The extent of our efforts then must necessarily remain within the limits of the legislation provided for us of all things we may believe necessary; the Agricultural Adjustment Act limits the distance we may go. God knows, we fought hard enough for an amendment to this act providing for Cost of Production. In fact, the Farmers Union was the only recognized national general farm organization



that did endorse the COST OF PRODUCTION amendment. The enemies of this amendment evidently had more influence with the congress than its friends.

Now let's understand that the Department of Agriculture cannot give us Cost of Production, as we understand cost of production. The Department of Agriculture can and will give us cost of production or any other method or plan that the farmers of this nation can induce or force congress to pass and the president to sign.

The function of the Department is to administer legislation passed by congress and signed by the president. Now I hope I have made the position of the Department of Agriculture clear.

If the legislation and funds provided are not adequate, let's place the blame where it belongs, namely, on our law-making body, the congress of the United States; not on the body that administers the law.

Now as has been stated in this meeting, I am also firmly convinced that the real and final solution to our problem will be reached when our farmers own, control and operate the machinery of processing and distribution. With this interpretation I feel that we are indeed fortunate in having a man from our own state in charge of the dairy division of the A.A.A. who for years has been directly associated with the cooperative movement, which should mean that he has a clear understanding of the dirt farmers' problems. We are sure that if this program does not succeed it will fail because of a congress that would not face the situation and provide the necessary legislative machinery to do the job.

Now if after an all-winter analysis of the program, and this two-day discussion, we conclude that the dairy program as outlined by the Department of Agriculture is inadequate to meet the emergency, then for Heaven's sake let's decide what we need immediately and go to the place where laws and appropriations are made.

The program advanced yesterday by all of the gentlemen who spoke is substantially included in the act insofar as the act will permit them to go. I am referring to your seven-point program. Here it is, right here. (Indicating).

Now four points of your seven-point program will require congressional action, and the other three are included in the Department's proposal.

Now let us confine our discussion to those things possible under the Act in order that we may determine just how far we are from the plan presented by the Department of Agriculture. We should confine our discussion to two things, namely, the merits of production control and the processing tax as a method of raising revenue.

A. Production control;

(1) Production Control contract necessary in the development of any sound long time program.

(2) Possibilities of production still with us.  
F.E.R.A. now influencing production.

(3) 620 million pounds butterfat reduction as result of disease eradication is off-set by large numbers of bred heifers.

I contend that the possibilities of offsetting that



by the amount of increase of bred heifers over the United States will practically offset that 620 million pounds figure.

As was stated to you by one of the former speakers, the interpretation of the production control contract, on page 4 of the Release, certainly if anybody can read tells you that you are not compelled to reduce for the twelve-month period, and I am going to read that paragraph:

"This would involve a reduction in production below the high levels of 1932 and 1933, but not below the volume of recent months. It would provide flexibility to permit future expansion of dairy sales and production in step with future gains of consumer buying power."

Some people are trying to make us believe that there is a big, bad wolf in the crowd.

"With the large number of cows, the dairy industry has potential producing power so great that without production control any temporary price rise like that of the present may be followed by such expansion of output as to wreck prices, causing farmers new and more serious distress."

That is a fair warning as to just what you have got coming. We will have some milk to offer. We can offer some pretty cheap surplus.

Now in the summary of the dairy plan, under the sale Release, it shows the average reduction: <sup>none</sup> ~~none~~ from the low winter months' levels, as plan involves checking sales at or near that volume; ten per cent. reduction below the high average volume of the 1932-1933 base period.

As I said before, the production control contract





And it is just simply this, that according to the agricultural adjustment act it says Wallace must to some extent protect the consumer. We can't raise the price of farm commodities any higher than what the consumer can stand to buy them at. And that is fair.

Now we will take the hog first. I am just going to use rough figures now, so don't dispute me and say that on this day or that day hogs were not that price, because I am just giving you the theory.

Now we will say that when the Department put the processing tax into effect that hogs were 4 cents. We put on a 1 cent tax. That made 5 cents. At that day Secretary Wallace must have figured that the consumer probably would stand a 5 cent hog. The packer immediately started in. He can form public opinion quicker than the newspapers can. He said "All right, Secretary Wallace, I am going to show you, that you can't show me." So he went down to 3-1/2 cents on that hog.

Now if I had been Secretary of Agriculture at that time I would have said: "I can do just as good as you did, Mr. Packer, and if you want to play poker with me, let's play! The only thing I can say to you is that I have got as good a hand as you, and I up you a half." All right, the Packer says: "If you aint got enough yet I will show you it can be done some more."

In other words, the thing I am getting at is, the consumer is going to pay for that processing tax under this system. If they want to go to two cents, put on a processing tax, and it will equal five to the consumer. Don't leave any doubt in his mind as to who is paying the

tax. Put that right there. (Refers to blackboard). That is a five-cent hog. I claim that if Secretary Wallace, or the Department I should say, should put a seven and a half cent hog to the consumer, just as fast as you can educate housewives, seven and a half-cent hogs can be bought and put on their table. The value, not the consuming-price of it, is going to determine the price.

If the packer was going to play mean and wouldn't ante the price, in about fifteen days let's add another half cent, making, say, a six cent hog. That can be worked out in detail, and put them up to eight cents. All right; in another fifteen days put on another half or quarter of a cent, and you have got six and a half. If the market starts to come up, leave the tax alone. If the price goes up and the consumption goes down, take a little bit off the tax. But every day you could take care of that at the Department which they have down here at Washington, we will set up what is known as the "Hog Fund", or Dairy Fund. It will apply to dairy products as well as to hogs.

Now there are these of you perhaps who think they have got to have a different kind of a system. And I think if you are going out you have got to educate the public in regard to who is paying the tax.

Right here you have got one cent (illustrating on the black-board,) tax. You have got a one and a half cent tax. You have got a two; you have got a two and a half; you have got a three. All right.

We will say that Art Hitt over here sends to South St.



Paul on the 10th day of January 15 hogs. On that same certificate he gets from the packer it states the number of hogs, weight of the hogs and the price of the hogs.

I would propose just as a theory that every three months, the same as we do with our gasoline fund situation, that the farmer just puts into an envelope his sales slips from his commission company and sends these to Washington. Or if you had either of those statements, that is all the work there would be. The administration would open up that envelope, take out this statement here which said 15 hogs were sold on that day at three and a half cents by the market. We collect a one and a half cent processing tax that day. Then let's take five per cent for the administration; they just make out a check to you every three months and send it back to you. That is all there is to it. Just make out the check and send it back.

Now there are complications here with this kind of a program, you tell me. Well you show me one where there isn't going to be some. I claim this is too simple for any one to want to use it. That is the only trouble

Now it will apply to dairymen.

The Chairman has asked me to be brief, so I will try to hurry along. This will apply to dairying. The beautiful thing is, in my estimation, and I might be wrong, and I stand to be corrected in a constructive manner at any time -- my contention is here that if the packers made a two-cent hog, just leave it at two cents, and it would be the best protective tariff we ever had. And what do you care, as an American

farmer, whether you got twocents from the packer or whether you got it from some place else? -- whether you got two cents from the packer and three cents from the Government, as the price set for your farm product, which don't make a bit of different to you or to me. Money is what I need to pay my taxes and interest, and I want something to pay it with, and so do you. And as to this processing tax, I want the consumer to pay it, and I want to be satisfied in my own mind that he is paying it; and he will pay it under this proposition; because the administration can just go right down the line, and under that Act this kind of a system of tax can be applied.

And as to butter? Why listen here; Butter is ~~22~~ <sup>23</sup> cts right now; when I was in Washington it was 16, and they told me the consumer would not buy it at any bigger price, but since coming back it has gone up to 23. They have't git eating it.

! ! ! ! !

(Portion of the rest of this address is omitted at the suggestion of the chairman)

Now as to that price of butter, they got the butter up to 25-1/2, and they found out the price started to decline, and it went back to 23. That convinced me that the speculative system of buying farm products is the most damnable of anything we have got in this country. It doesn't measure the value of farm products to the consuming public. The housewife's idea is the thing that will set the price. We have never yet had a system proposed by which the farmers could



test out how far our consuming public would go in regard to price. You have never tested it. We don't know that 23-1/2 is what the consumer will pay. Put the tax on and until you find out where it will go; then quit till the buying power comes up. And every time you raise the price half a cent it goes back in the farmer's pocket; it gives him half a cent more to go out and buy with. I never seen a farmer yet take off his shoe to pull out his pocket-book. He puts those things right back into industry. It would hurt nobody to protect the farmer and guarantee us that the consumer was paying the bill.

Now I offer this plan for your consideration, either by committee or otherwise; and I am also going to offer this plan as a substitute plan, for the processing plan that is being encouraged in the corn-hog program today. They can't change that, of course, because it has gone too far; but the dairy program, if it hasn't taken shape, that is what we should fight for, something that we can get in and fight for under this Act.

And I am just as willing to go down there and camp on their shirt tail and try to get some legislation as you are. I am willing to do it any time. But until we get legislation that will permit the administration to give us more, let us for God's sake get all we can out of what we got. We are only 60 or 65 per cent of parity price that was admitted by the United States Senate. We have not reached the parity price. I think we have got a long ways to go before we get cost of production.

I thank you. . . . .

CHAIRMAN HATCH. Our discussions are bound to cut off a lot of opportunity for a lot of people to be heard.

I want to make this announcement at this time: The cards upon which you are to register your opinion, if you care to do so, are available for distribution. We will tabulate the results of those cards as soon as we can and mail them to each one in attendance, that is, to the address signed on the card, the results of your wishes, insofar as we can embody those in a brief statement. So we would like to have these cards distributed to those of you who will have another opportunity to register your opinion. The question is asked: Should everybody vote? My answer is: Everybody that is interested enough in this dairy program to come here and register should have an opportunity to do so.

Now there is one other farm organization, state-wide farm organization, not a member of the Agricultural Council, that has asked for a few minutes to present their viewpoint, and I think that now we will listen to Arnold Gilberts of The Holiday Association. Arnold Gilberts.

ADDRESS BY ARNOLD GILBERTS.

Mr. Chairman and Honorable Guests: I come very reluctantly before this meeting, as I consider myself just a small potato along with these large ones. You know I don't know who promoted or inaugurated the A.A.A., but I hope that they were honest and sincere in their endeavor to help agriculture. And if they were honest, and if they were faithfully looking for facts and figures as to the condition of agriculture, that is one thing; and if they passed a



measure, or were attempting to pass a measure to help unemployment, it is a master-piece; and it is certainly going to be excellent, we will say, in that direction, when they get all agriculture under the A. A. A. in eliminating unemployment. You know the person that lives upon the taxes of other people looks through a different looking-glass than the fellow that has got to pay his taxes and other obligations by coaxing it out of old Mother Earth.

Now they tell us here that they want to reduce production. And so Little Man says to the Great Powers of Nature, "Now you lay down and be quiet awhile and we will reduce the things that we produce, never taking into consideration that the laws of nature may sometimes take their own course. And still Man says: "Well, we will regulate production!"

The organization which I represent stands for control of production instead of reduction; for control of surplus instead of control of production. Because it is pretty hard for human beings to know exactly what production is going to be. But it should be possible for intelligent people to take care of the surpluses. Furthermore, surpluses are a very good thing to have in any nation. It is the security of a nation.

The chairman asked me to be very brief, and I personally feel that I would rather hear the farmers here today, that do not belong to any particular farm organization, express their own opinions. I think we get fair representation and expression that way. And therefore, I want to be brief and comply with the wishes of the Chairman of this meeting. But I want to say that the organization which

I represent stands unalterably for cost of production, as we find in the Bill known as the <sup>Susan Thomas</sup> bill before the Congress of the United States today that provides for cost of production for that portion in the United States and for nothing else. And we certainly should be entitled to our own markets without selling it out to foreign markets.

I am inclined to believe, you know, that the farmers of this country, and the people, as far as that is concerned, have been bamboozled into a lot of things; but the invisible powers of darkness and greed have not gone so far that they can perpetrate their crimes upon the American people. And I am telling you that the biggest and greatest crime was perpetrated upon the American people in 1917 and 1918; and you fell for it; and I am not so sure but you are probably falling for more of it, if they shall try and if they are willing to try to bewilder you.

So I want to say in closing: We have a good illustration as to the feelings of the farmers and the sentiment of the farmers here in these last two days. They have certified and expressed their ideas. You know that is the trouble with our farmers; that they are different in this part of the state than in other parts of the state. And as long as we remain that way I can't see much hopes for us.

So let us see if we have got enough intelligence to see if we can leave animosity out of it and try to find some solution that will be a benefit to agriculture, and not to agriculture alone but to the whole United States; because agriculture is the basic industry of the



country and the backbone of this country.

And let me say this in conclusion; There is a danger, while we are experimenting and trying out this plan and that plan, there is another great danger in this country and grinds out continuously in this country, and that is the danger of foreclosures and evictions from the homes of this country.

(Applause).

And if you think for a minute that that can go on unabated, you are just being fooled and are fooling yourselves; because when you touch the very heart-strings of humanity, the home, you are touching the very heart-strings of the Republic itself. And while this danger continues eating at the very heart of this Republic, we are fooling around with a lot of experiments, which might lead to disaster.

Now I want to comply with the request of the Chairman, and I want to say: Thank you.

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CHAIRMAN HATCH: There is one other organization that we just must hear from. That is our neighboring organization from the State of Illinois, the Pure Milk Association of Chicago, represented here by Mr. A. M. Krahl.

ADDRESS BY A. N. KRAHL.

Mr. Chairman and Ladies and Gentlemen: Although I was chosen to speak for some 12,000 families representing the membership of the Pure Milk Association within this region, I do so with some hesitancy remembering the spanking we received from Washington during the past year. The Department was given ample opportunity to help the dairy farmer ship-

ping to the Chicago market, but failed miserably.

Only last January we were told by the Administration that the dealer could not afford to pay the farmer \$1.85 per cwt. for fluid milk, but that if we would accept \$1.70 the Government would help us make him pay, thus giving the distributor the benefit of 15 cts. per cwt. A few weeks later the Secretary of Agriculture, speaking from this platform, told us that the distributor was only making a profit of 24.85%. The question as to why we could not have the benefit of that 15 cts when dealers were making so large a profit has never been answered. The different between the December and January milk checks of our membership was approximately \$367,000.

The original code was written in accordance with President Roosevelt's suggestion that each industry would write its own code. Since then it has been assumed that men who have spent a lifetime in the dairy business have no knowledge of the needs of the industry. This resulted in the writing of a new license by the Administration in Washington, and was handed to us to accept whether we liked it or not. We were in the position of the small boy who, coming into the grocery store, heard the clerk say: "Well, boy, would you like some candy?" Johnny's reply was: "Yes, but I have got to buy soap."

The new license is not quite 60 days old. Last week a revision was presented which quite clearly indicates that the authorities at Washington will assume all the



responsibilities of a cooperative organization which the membership have spent much time, money and effort in building in order that they may have something to say about the handling of their own products. New rules and regulations were incorporated without consulting the organization.

For example, in the production control program a member must ship 75% of his established base or lose the 25%. No provision is made for the reallocation of such lost base on the market. It is simply gone.

The matter of butterfat differential is very important to us on a fluid milk market. Producers at the request of the dealers built up high-testing herds at great expense. The differential on this market was for years 4 cts a point up or down. The administration is now attempting to tell us that 3 cts a point is plenty. This will mean a loss of approximately \$45,000 a month to our membership.

Last week during a three-hour interview with Mr. A. E. Mortan of the Tennessee Valley Administration I learned the difference between a "plan" and a "program". Said he, a plan is something that is laid out on a blue-print, but a program is something that will be built as you go along. There is nothing definite in a program. Those of us who have attended dairy institutes in the State of Wisconsin during the past four years immediately recognize the baby which the Department is placing in our lap. I say that advisedly. We call this a hearing, but in reality it is the presentation of a cut-and-dried program, the same old baby only it has a new papa, and Mr. Lauterbach

has a difficult job of saying "Here it is, boys<sup>o</sup> Aint it some baby?"

In bringing this criticism I well know that we will be asked the Washington slogan now becoming popular; "What would you suggest?" in place of this?

We are in the same position as was Dean Christiansen when he denounced the processing tax program during Farmers Home Week

Last week in Washington 130 men representing 380,000 organized dairymen in forty states, representing all branches of the industry, butter, cheese, condensed, evaporated and fluid milk markets, decided that the plan will not do what is claimed for it; that it is merely a swapping proposition. Wisconsin farmers will pay a processing tax of \$18,564,188, and receive in return \$18,570,000. Or \$6,000 more if the tax is collected one hundred per cent. Illinois dairymen will pay in taxes \$7,148,250 and received \$7,155,000, or \$6,750 more if all taxes are collected and no deduction made for administration.

The collecting of the tax of course is vital. They say the tax will be added to the consumer price, but in the next breath we are told that the buying power of the consumer is so low that they cannot buy the milk which is now needed for the proper nourishment of their families, but this plan would add one half cent more per quart to the price of a bottle of milk which the consumer is already unable to buy.

When you talk about \$5,000,000 for charity milk



it makes me laugh. Relief agencies in Chicago are now distributing 157,000 quarts of milk a day free, or approximately \$376,800 per month. How far will \$5,000,000 go? Of course if that clause is put in so that the folks on the hill who represent a city constituency will vote for the \$300,000,000 dairy program, that is different.

Mr. Chester Davis says the dairy industry is the largest of all agricultural industries; the most important. And that the plan of levying a process tax in one form or another has been very satisfactorily applied to other commodities and should be accepted by the dairy industry. As dairymen we are not so sure that the plan should be accepted as outlined. We do know, however, that certain parts of the program will operate to our advantage. But simply because other commodities have found a processing tax program advisable is no reason why we should accept it.

Production control is essential. We recognize the importance of this; have practiced it for five years. We are heartily in favor of controlling production through the elimination of low producing cows -- whatever might be the cause, poor stock or Bang's disease. Let the program of financing the testing and the removing of such cows be carried on under a Federal Government supervision, with the cooperation of the various states using public funds appropriated for that purpose as was done in the T. B. eradication.

To be successful this plan must be voluntary on

the part of the dairy farmer and carried on in such a way that public opinion will accept it in the spirit in which it is offered and without the necessary ballyhoo to make the city consumer fearful of drinking milk.

At the annual meeting of the Pure Milk Association held in the City of Chicago March 13th, a resolution was unanimously passed that we go on record as being opposed to any processing tax program. A representative group of this same membership after hearing the program as outlined by Mr. Lauterbach yesterday, again registered a vote of protest and wished to go on record that we are bitterly opposed to any processing tax program.

We do, however, recommend to the gentlemen at Washington the following:

1. That the production control program be limited to the eliminating of unprofitable low producing and Bang's disease cows. The testing and compensation for replacements to be taken care of through appropriation of public funds; remembering that we have \$50,000,000 available now.
2. That the organized cooperative organizations be left with some power and measure of authority to carry on and to hold themselves in readiness as against that time when the great experiment is passed.
3. That an intensive fight be made to increase taxes on all dairy substitutes, and suggest that each dairy farmer write their representative at Washington to give this matter their very best attention.
4. That the marginal lands or other lands taken out



of production by cotton, wheat or corn, be not used as pasture to increase milk production.

(Applause).

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CHAIRMAN HATCH: Now this closes the hearing on the part of organizations. The Chairman would feel as though he had not lived up to his promise to hear from the dairy farmers unless we gave them additional opportunity to be heard at this time, and individual producers expressing their own sentiments with reference to this. I have a few cards that have already been handed up. I would now invite others, and we will carry this just as far as we can within our time limits. Mr. Emil Krueger of Kaukauna. Mr. Krueger has asked to be heard and sent up his card. Is he here?

(No response).

Then Mr. Ben Riehl, Marathon County Farmers Union, has asked to be heard. Let him come forward and be ready to speak as soon as Mr. Krueger, who I see is now here, gets through.

ADDRESS BY EMIL KRUEGER.

Ladies and Gentlemen: They say there is no surplus; but why is there not? Most of our farmers say they would be hit hard if the two year average would be taken, on account of the drought. So if we have high milk prices we naturally will have more milk on the market due to the large number of cows that are not being fed. And my idea is, I will say we must have control of production.

Address of Mr. Ben Riehl

Marathon Co., Wis.

Ladies and Gentlemen:

I have prepared a statement to make here this afternoon, but I am afraid it is too long and a little out of place, so I will just give you the high points.

We favor cost of production and inflation enough to enable the purchaser to pay same and enough to enable the Government to refinance farmers under the provisions of the Frazier bill. This inflation should be brought about by issuing United States treasury notes.

But as long as we have the A.A.A. and until we get better legislation let's make use of it. But let's also administer the act fairly, especially to the drought stricken area where production per cow is only about 50% of normal due to having five consecutive years of drought..

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(The following resolution was handed in for placement in the record:)

"Submitted by the Wisconsin Swiss, Limburger Producers Association:

The granting of patents for processing and packing cheese has created in the patentee a monopoly that is detrimental to public interests and to the public welfare, and especially to the Swiss cheese producer. The privileges granted and the protection afforded under this patent has done more to prevent the distribution of cheese to the consumer at a price they can afford to pay than any other



economic condition and has been a decided injury to the producer."

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CHAIRMAN HATCH: We have some requests; Joe Walsh of Grant Co., Wisconsin. Charles Kolka of Lincoln County. Mr. Kolka:

CHARLES KOLKA:

Mr. Chairman, Ladies and Gentlemen and Fellow Farmers: I have heard much said here today and yesterday about surplus; surplus of 100,000,000 lbs of butter, and 40,000,000 lbs of cheese. Now one hundred million pounds of butter to our national population of 125 million people amounts to less than one pound of butter per capita. In my opinion this does not average hardly a pound to a person. And in my opinion further anything less than a pound per person in storage would amount to a famine inside of two or three weeks. And I think that if some of you people would think that over you would agree with me.

I thank you.

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CHAIRMAN HATCH: The hearing is now adjourned. You will please not forget to leave your cards on the way out, and we will mail each and every one of you a summary.

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