BANQUET GUEST SPEAKER

by

Mr. Louis Larson
President, National Milk Producers Federation, and Okeechobee Dairyman

It has been said that people rarely succeed at anything unless they have fun doing it.

This is my position in having the privilege of serving as President of National Milk Producers Federation. I would like to thank the members of the Dairy Industry here in Florida as I took on this honor and am trying to carry out the responsibility that goes along with it; for this support and enthusiasm.

I bring you greetings from the officers and staff of National Milk Producers Federation, and would like to tell you a little about the organization. National Milk is going on 63 years of active service to the Dairy Industry. This makes it one of the oldest commodity-farm organizations in our country. It's membership today includes nearly all of the Dairy Marketing Coop's in the nation. The size ranges from very small ones with just a few members to such large ones as AMPI - MID AM - DI with thousands of members. It is made up of 66 member organizations with our 220,000 Dairy Farmer members. The major responsibility of the Federation is to assume the American Dairy Farmers thru their Coop's membership in NMPF that they will have a voice and that this voice is unified, decisive, qualified and powerful enough to be heard and understood by the Legislative and Administrative bodies of this nation. To accomplish this we have an office in Washington, DC with a qualified and experienced staff of about 20 people. We have a annual budget of just our 1 million dollars. The membership elects a board of directors with one or more board members coming from each member organization, depending on the lbs of milk marketed by each. The board of the three elected officers making up a 21 member Executive Committee. This committee attempts to carry out the policies established by the Board of Directors through the staff to the best interest of the dairy farmer members and the consuming public. We do not win all the battles, but we do have a good task record. We do work with other Farm and Industry organizations to obtain common goals on the National Level.

When Dr. Harris talked to me about speaking here tonight, I asked him about a subject. He suggested both state and national issue's affecting us currently and in the future. It has been said by many successful people that the future belongs to those who plan for it. It reminds me of a champion golfer who was in the lead in a tournament when his caddy developed the hiccups. Now this golfer was a deliberate putter, and the golfer flinched with each hiccup. On the last hole facing the winning putt, he hesitated, then stroked the ball. It stopped within a fraction of the hole. You and your hiccups he snorted at the caddy. "But, sir, I didn't hiccup". "I know, I know" said the champion "but I had allowed for it". The morale of this is, that you cannot always win! But, you can certainly try again!
Now to the issues of the current time. Here within the State of Florida we have a strong and viable Dairy Industry. In the early 1900's, it was the common belief by many people here in Florida and elsewhere that we could never economically produce all the fluid milk needed for our growing population. The tropical climate, insects such as the fever tick, severe common flies and mosquitoes, poor soils, no local sources of quality concentrate feeds and numerous other problems. Most of the fluid milk consumed in extreme South Florida was hauled down from Jacksonville or St. Augustine by mail in 10 gallon cans - iced down to keep it fresh for use in Miami. Today we produce enough fluid milk state wide except for some seasonal shortages.

I would like to call this cracker ingenuity rather than Yankee know how because most of the problems were solved by the fore runners of todays industry and some right here at the University of Florida. Even though many of our present day dairymen and industry people come from other states, some even being Yankee's, they have adopted established methods and added some of their own to make ours a very competitive industry and one to be proud of.

Inflation is our greatest current issue today and it touches on most of the others. It is making our job of producing milk at a price which consumers can afford extremely difficult. It is our responsibility to produce enough milk to supply the needs of the public at a price they can afford, or yield these markets to others, such as has already started here in Florida. If we leave the door open long enough, someone is going to come in. This is competitive forces at work and this is or it should be, although it may not be a popular idea within our industry.

1. Feed usually takes at least 1/2 or our milk check. Feed is high, however the milk feed price ratio for March, 1979 was 1.58. This means that nationally one lb of milk will purchase 1.58 lbs of 16% dairy feed. But the same feed we purchase is now a world commodity including citrus pulp and we have to compete for these products with our cheap dollars.

2. Labor is probably our second highest cash cost and we have to pay a employee enough to live on or else. I feel we should not offer him a job. The cost of labor will probably follow inflation and we have no choice but to pay him a living wage.

3. Machinery and equipment is one way to cut labor costs and get more milk per hour of labor - but have you bought or installed any new equipment lately? Bulk tanks, feeding systems, milking system, field equipment - these items have really been going up.

4. Suppliers of all sorts, dairy and vet, seem to go up with each purchase.

5. Replacement cow prices have advanced more this past year than anytime I can remember. And if you raise your own, the cost of growing them out is also going up. Of course, the price we receive for our cull cows is up too. It takes about 2 culls to buy back one replacement. The only problem is it takes more capital. This leads me to . . . . .

6. Cost of Money. Our industry as we know it is a capital intensive enterprise. We do not know how long the cost of money will stay as high as it is today but, I have a good idea that it will stay close to the rate of inflation. Thus double digit inflation will equal double digit interest costs.
7. Taxes. We all know that we have taxes to pay and some of these are continually going up. If you stop and make a list such as Real Estate Land Taxes, Tangible Property Taxes, Social Security Florida and Federal Unemployment taxes, Sales Taxes, Federal Incomes Taxes and if you are incorporated you have the State Corporation Income Tax, Privilege Tax, Intangible Corporation Tax and probably some I have failed to mention.

8. Energy. There are some of us that are learning about fuel allocation. This is just starting. I do not know of any easy solution except conservation and development of new energy sources. Here at the University of Florida and IFAS they have put a special emphasis on energy research. We all realize that Florida Agriculture is energy intensive. We use more fertilizer, Pesticide, Herbicides, water for irrigation and haul our products longer distances to market than in most states. Energy is probably the largest root problem in inflation today.

9. Environment problems. The dairy industry and in particular dairy farms have been identified as contributing to pollution problems. Especially as far as waterways, streams and lakes go. Many of us have spent thousands of dollars to correct this problem either by diking in farms, or building lagoons or building a recycling system. This is good however, we still have some problems and if you know or think you may have a problem, develop a plan and carry it out. The D.E.R. and other government agencies will make it extremely uncomfortable for you if you don't. Probably going as far as stopping you from selling milk in the future.

10. Disease. Brucellosis is still a problem but with the advent of A/V and good management practices you have a better chance of overcoming it. T.B. although not a problem for most, thank goodness, it is a very real problem for any who may have an infection.

Foot and mouth - here in Florida we are sitting ducks for this problem. The Federal Disease People say it is not a question will it ever happen but just when. The large amount of smuggling that is currently in the news and many of these planes and boats coming from countries that are not F&M free is a real danger. A F&M outbreak would paralyze the dairy industry because on VHT pasturization kills the virus and most plants are not so equipped and all our milk would probably be held on the farms.

Some of our problems on a national level that I have not included in my preceded remarks are:

1. Maintaining the dairy price support program. It is a very complex - economic tool that continually needs refinerny. We must always be sure that we ask for a level that will produce enough milk for the consumers of America and a small amount of reserves.

   We have asked for the 80% pint level again this year and that the law be extended there is also a bill being offered by Sen. Gaylord Nelson of Wisc. to make a minimum of 80% permanent.

2. The Federal Milk Marketing order program in its nearly 50 years of service to markets has demonstrated its ability to move with the demands of the markets it servers. We are very sincere in our efforts to allow it to continue being an effective milk marketing instrument. We are very familiar with this program here in Florida through our three marketing orders #6-12 and 13. Its primary functions are that we have an audit of the milk plants as to classification usage of milk B.P. Testing weights and measures. It also sets a class I milk price which is a minimum and all handlers know they are all paying the same price which should provide the consuming public with a adequate supply of milk.
3. The Multi-National Trade Negation with our government has been engaged in and now has a trade package to present to the senate for ratification. It is of great concern to the dairy farmers of America. It must be passed in its entirety with no changes or amendments. The dairy farm leaders of national milk have taken a firm stand against this trade treaty because it will displace about 1% of our domestic milk production to make room for imports from other countries. It actually means that about 2000 dairy farmers will either have to sell their production to the CCC or go out of business.

4. The national commission for Revenue of Anti-Trust Laws and Procedures is of concern to the dairy industry. This commission was appointed by the press to look into among other things. The Capper Volestad Act. This is the law that allows farmers to join together into a Coop to jointly market their products. We are watching this very closely and some hearings have been held in early March, but have been suspended.

5. Last year most of you can remember we fought the ice cream war with Food and Drug. We won on that issue, however, this year they are out to change the standards of identity for milk, cream and cheese. Their primary thrust is to establish a standard for imitation and substitute cheese. This would give these products government sanction and they would compete directly with the real products. We feel that the word cheese is the property of the dairy industry and if it is not made out of dairy products it can not be cheese.

Forecast: This year 1979 being the last of the decade of the 1970's, many organizations and professional forecasters are starting to make predictions for the 1980's. If you do this, you are in the forecasting game and there are two rules you must follow. They are that you must use dates and numbers. If you are smart you will use them both - but never at the same time. This will not allow you to lose - but you won't win either. I feel that our Domestic Dairy Industry will follow this rule in the years ahead, that is and will remain strong. That we will continue to produce adequate supplies of dairy products for our domestic consumption. I feel that we will continue to have a voice in Legisitative and Administrative affairs of both our state and federal government as long as we have unity among the majority of the dairy farmers themselves.

It has been said "no one can make you feel inferior without your consent". I am proud to be a dairy farmer and to have a part in producing food for the consumers of our country - thank you.